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## THE BOOK

"At 77 Sir Purshotamdas Thakurdas can look back on a career rich in effort and achievement. Covering as his life does more than the biblical span of three score years and ten, it begins in days when India was still far from political freedom and when the country's endeavours to reach out to new ways of economic uplift were only dimly taking shape. Thus Sir Purshotamdas's career stretches across an important latter-day span of the story of India's political and economic life, and in both spheres, particularly the latter, he was to play a constructive, often a definitive role. His impress was strongest in the commercial field but his contributions to the country's political achievement, although less spectacular, are not negligible. Thus his is a career which, though dominated largely by business activities, has many facets and offers an illuminating example of versatility."

Mr. Moraes's biography is comprehensive. It records not only Sir Purshotamdas's multifarious activities in the field of commerce but also highlights his achievements in areas other than commercial — in the provincial and central legislatures; on the various Royal Commissions, committees of inquiry and the second and third Round Table Conferences; and as a director of the Reserve Bank of India since its inception until recently.

An inspiring subject — which partly explains why this biography is an inspiring book. Following immediately in the wake of his success as a biographer of Jawaharlal Nehru, Mr. Moraes has again attempted the difficult task of evaluating a person in his own period. And this is proof that he has succeeded — for the second time



SIR  
PURSHOTAMDAS  
THAKURDAS



*Also by Frank Moraes*

JAWAHARLAL NEHRU

REPORT ON MAO'S CHINA

INTRODUCTION TO INDIA

*( With Robert Stimson )*

THE STORY OF INDIA





SIR PURSHOTAMDAS THAKURDAS

SIR  
PURSHOTAMDAS  
THAKURDAS

FRANK MORAES



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# I

## *Early Days*

**N**ORTH of Bombay, bounded landwards by the territories of Broach, Baroda, Thana and the Portuguese-held "pimple" of Damaun, lies the district of Surat, a wide alluvial plain whose western coastline skirts the Arabian Sea. The ancestors of Sir Purshotamdas Thakurdas came from this rich rural area whose capital port, Surat, on the Tapti river, was the earliest British settlement in India. Around 1687 the East India Company moved its headquarters in what was then known as the Western Presidency from Surat to Bombay, and it was some generations later that Purshotamdas's forbears made Bombay the centre of their business activities.

The family were Gujerati banias earning for the most part their livelihood by commerce and trade. One of Surat's principal crops is cotton, and Purshotamdas's uncle, Vijbhucandas, who cared for him after the early death of the boy's father, Thakurdas, was engaged in this and the oilseed trade. So was the grandfather, Atmaram, but Thakurdas, on the other hand, adopted law as his career and practised as a solicitor.

Between the two brothers there subsisted a bond of close affection and understanding which in the long years of Purshotamdas's orphaned childhood and youth was to stand him in good stead. Of the two, Vijbhucandas, was the more adaptable, thrifty and resourceful while Thakurdas had the reputation of having a more generous nature and a broader outlook. But both brothers shared the family traits of industry, initiative and practical commonsense.

They lived as a joint family in a rambling old-fashioned house which Thakurdas had bought for Rs. 18,000 from an old Hindu lady on the persuasion of one of his clients, Mulji Jaitha, in his day a celebrated businessman and philanthropist.



The house stood in the crowded locality of Girgaum on what was then known as Cawasji Patel Tank Road, now called Vithalbhai Patel Road. It still survives and is the joint property of Sir Purshotamdas and his cousin, Sir Chunilal V. Mehta, eldest son of Vijbhucandas.

Here on May 30, 1879, Purshotamdas was born, being the first male child in the family for many years. Some fourteen years before his birth, the only son of Vijbhucandas along with the child's mother had perished in a house collapse. Thakurdas and his wife, Diwalibai, had two daughters while Vijbhucandas, who had married again, and his wife Ambalaxmi had also two daughters but no son. The advent of a male child was an event which delighted the entire family.

On the grandmother, Ruxmani, widow of Atmaram, the event had a deleterious and temporarily deranging effect. So overjoyed was she on hearing the news which was conveyed to her by a faithful servitor that her delight precipitated a state of hysteria which alarmed the distressed Thakurdas. A vaid was summoned, and on seeing the patient, he shrewdly deduced that the only remedy for her state of uncontrolled laughter was a counter-shock.

"What are you laughing about?" he brusquely rebuked her. "Don't you know the child is dead?"

This drastic treatment had the desired effect, and the old lady's hysteria vanished. Later, after being reassured he was alive, she was taken to see the infant boy whose arrival had threatened momentarily to derange her mind.

Ruxmani, since the death of her first and only grandson, had longed to see her two sons blessed with male heirs. Now turning to her older son, Vijbhucandas, she observed, "You too will soon be blessed with a son."

Her prophecy proved correct.

A few months later a son was born to Ambalaxmi, wife of Vijbhucandas. He grew up to be Sir Chunilal V. Mehta. In course of time, she had two more sons, Sir Mangaldas and Ranchoddas.

Of his father and mother the infant, Purshotamdas, was destined to know little for Thakurdas died when his son was barely four and his widow survived her husband by only two

years. Yet it is a tribute to the remarkable vitality and flexibility of the Hindu joint family that the orphaned boy was never to lack the care and solicitude of a parental home for Vijbhucandas and his wife looked after him as if he were their own child.

"They lavished on me," Purshotamdas was to recall gratefully in later years, "a measure of affection and care that was not extended even to their own sons."

Thakurdas was only 42 when he died from the effects of a riding accident at the hill station of Matheran. He had prospered in his profession, and to Purshotamdas he left a tidy estate including a sum of Rs. 4,000 to be expended on his marriage. To his daughters as also to the daughters of his brother, Thakurdas left a legacy of Rs. 10,000 each.

In Thakurdas's lifetime Diwalibai, in the manner of the traditional Hindu wife, was dedicated only to her husband and their family. Now with his death she devoted all her care to her children, particularly to her only son. She had never been robust and the privations she voluntarily inflicted on herself after her husband's death soon told on her health. She was hardly 34 when she died leaving Purshotamdas in the care of his uncle and aunt, but tranquil in the knowledge that they would tend him as their own child.

Vijbhucandas and Ambalaxmi were faithful to their trust.

"Feed him well," said Vijbhucandas to his wife, "and see that he is clothed properly. I shall look after the rest."

He kept his word.

The boy grew up as a member of his uncle's household leading the normal life which the children of a not unprosperous Hindu joint family led in those days. C. P. Tank Road teemed with byways and lanes and houses with tiled gabled roofs where little Purshotamdas joined his youthful companions in flying kites and playing games. He himself revelled in the precarious pastime of climbing the roof of his house where he liked to sit perched high on the tiled triangular roof, a hobby which gave his mother while she lived and his guardians after her death no little anxiety. By all accounts he was a spirited boy.

Even during his mother's lifetime Purshotamdas had begun

his studies under a private tutor who was a man of mild and equable temperament chosen specifically at Diwalibai's wish. Often the mother watched from behind a curtain or purdah to see how her son was progressing at his studies. The boy at the time was naturally more interested in games than work, and being high-spirited was given to all manner of juvenile pranks and mischief. When some months later he joined the local Mumbadevi municipal school for his primary studies it was found necessary to have him escorted by a servant to keep him out of mischief to and from school.

Purshotamdas was not happy here nor at the Tejpal Anglo-Vernacular School, also at Mumbadevi, to which he went later. Still later he attended the Elphinstone High School where his father had once been a teacher. Discipline was rigid to the point of severity, and the rod was much in evidence. The world had yet to hear of Madame Montessori. Teaching was still a matter of rote and compulsion imparted with little or no attention to the pupil's individual bent or interests, and while Purshotamdas worked conscientiously at his books he was not unduly enamoured of them. Both in school and college his academic career was average.

Characteristically he reacted well to any sympathetic stimulus whether from his teachers in school or elders at home. One incident at the Elphinstone High School illustrates this. Purshotamdas first chose Sanskrit as his second language but he found the teacher so unimaginatively dull that he switched over to French and was rewarded by the paternal interest which his new teacher, a Mr. Sahiar, took in his progress. The pupil responded, and at the matriculation examination young Purshotamdas won the only prize for French awarded by the *Cercle Littéraire* of Bombay.

It was one of the few prizes he gained in school. For the most part his aptitude was shown in extra-curricular activities, and he was a popular choice for recitations on formal occasions where his confident air and bold, clear diction invariably created a good impression.

Purshotamdas's career in college was equally uneventful though he was happier here than in school. Following his father's example he joined the Elphinstone College, situated

in the Fort area of Bombay, a locality vastly different from Mumbadevi where he had spent most of his years in school. He quickly found himself in a more congenial world for Elphinstone College was then in its heyday with a brilliant group of professors including MacMillan, Hawthorne, Thwaite, Sharpe and the Covernton brothers (J. G. and A. L.). Here were mentors imbued with a sense of discipline but also with a love for learning which they liked to impart to their pupils, free for the most part from dogmatic prejudices and predilections, kindly, wise and tolerant. The year that Purshotamdas entered Elphinstone College saw that institution admitting women students for the first time.

As in school Purshotamdas paid no excessive attention to his books, contenting himself with fierce bouts of work when the examinations approached. For the most part he interested himself in the college's extra-curricular activities and participated vigorously in games, especially cricket and tennis as also gymnastics. On at least one occasion such tactics did not pay. He failed in his Intermediate examination although a severe illness before the test partly accounted for this debacle.

Reports of Purshotamdas's alleged lack of interest in his books reached his uncle. Vijbhucandas was not unduly perturbed.

"The boy is doing his best," he observed to a complainant. "In any case I do not want him to be a book-worm merely in order to win a prize."

Interesting, in view of this reaction, is a gesture which Vijbhucandas made testifying not only to his genuine affection for his ward but to his sense of fairness. When the Hindu Gymkhana in Bombay was inaugurated Vijbhucandas became a life member but simultaneously observed that he was too old to participate in the activities of the organisation.

"Nominate a younger life member," he was then requested.

Vijbhucandas instinctively and immediately selected Purshotamdas whereupon someone pointed out to him that Purshotamdas was not a "sporting" type and that his own son, Chunilal, would be a better choice.

"I do not agree with you," said Vijbhucandas. "Purshotamdas is the eldest and therefore he should represent me." To

this day Sir Purshotamdas retains his life membership of the Hindu Gynkhana bequeathed to him by an uncle whose sense of affection and duty prevailed even over his sense of close family kinship.

Commonsense was one of Vijbhucandas's most striking characteristics. He combined this with a strong sense of integrity and personal justice which enabled him throughout his life to keep the scales even as between the different members and interests which constitute a Hindu joint family. He was thrifty, had a keen notion of rectitude and rarely allowed his predilections to get the better of his feelings. Although a disciplinarian he hid behind his reserve a warmth of kindness and affection. He was physically a big man, and in a crisis nothing seemed to shake his calm. He had a love for neatness and cleanliness. Purshotamdas's interest in gymnastics probably derived from his uncle's passion for vigorous exercise.

On Purshotamdas, whom he regarded and treated as his own son, Vijbhucandas's influence was considerable, and many of the uncle's characteristics are reflected in the nephew. The prodigious industry, the refusal to be ruffled, the strong sense of justice and fairplay, the disdain for lavish pomp and luxury, the habit of acute observation and the meticulous eye for detail — all these were to find a place in Purshotamdas's outlook and character.

In 1900 at the age of 21 Purshotamdas passed his B.A. examination being placed in the second class. While in college he had also been attending the law courses, and had passed his first LL.B. examination during the first year of the B.A. course. The question which now faced him and his uncle was: should he take to a legal career or join his uncle's cotton business?

Purshotamdas's father had been averse to his son's following in his professional footsteps and had in fact left specific instructions that he should not do so. Vijbhucandas was, of course, aware of this but characteristically he left it to Purshotamdas to decide.

Purshotamdas's own preference, motivated largely by filial sentiment, was for the law and shortly after graduation he expressed a desire to be articled to his father's former firm,

still known after his father as Thakurdas & Co. Vijbhucandas did not object and readily took him to the office. But the reception Purshotamdas received there from the two principal partners, Mr. Hormasji Vakil and Mr. Rustom K. R. Cama, was cold to the point of frigidity. Vijbhucandas, seeing how this treatment had upset his sensitive nephew, sought to soothe him by inviting him to join his own firm.

"Why not come and join my firm?" said Vijbhucandas. "I too want young men."

Accordingly in 1901, Purshotamdas joined his uncle's firm, Narandas Rajaram & Co., in the capacity of an apprentice. Although Vijbhucandas's name did not appear in the title of the firm he was the main partner, the other two being Narandas and Rajaram, both also hailing from Surat. It was incidentally on Narandas's persuasion, after Vijbhucandas's initial invitation, that Purshotamdas finally decided to join the firm which dealt mainly in cotton and oilseeds. Narandas was an old friend of Purshotamdas's father.

"If you join the firm," he promised the young man, "I'll attend office for a couple of years even though I've retired from business. I'll put you in the line and train you myself."

Narandas was as good as his word although he was to prove a strict mentor.

Started in 1860, Narandas Rajaram & Co. was the first Indian firm to be represented on the Bombay Chamber of Commerce which in turn had come into being only 25 years earlier. The second half of the nineteenth century saw Bombay make great commercial strides. In this period communications were facilitated with the opening of railway lines and telegraph wires inside the country. Abroad the opening of the Suez Canal in 1869, by reducing the voyage of cargo boats between London and Bombay from more than three months to less than 25 days, had eased mercantile traffic and for the first time made possible a large-scale trade with Europe in Indian agricultural products. In Bombay the number of cotton mills rose from ten in 1861 to over fifty in 1880, and the industry spread to other centres which included Ahmedabad, Kanpur, Madras and Nagpur.

Until 1856 cotton-growing in the United States was not half

so extensive as in India but Bombay's tide of prosperity was abruptly interrupted in 1866-67 when a financial crisis overtook the trade. It was caused by a fall in the price of cotton on the termination of the American civil war. From this reverse Bombay was to recover and by 1891 had re-established its prosperity.

But meanwhile the precipitate fall in cotton prices had caused widespread despondency and dismay. Vijbhucandas's firm was caught in the coils of this crisis, and only extricated itself by a combination of resolute action and foresight. During this crucial period Purshotamdas's father, Thakurdas, had also assisted the firm with his legal knowledge and advice.

In 1901, however, Bombay was well established as the commercial metropolis of India, and the world which confronted Purshotamdas as an apprentice in his uncle's firm was far different from that which his father had known nearly 40 years earlier. A development in this period is interesting in view of Purshotamdas's close association with it in later years. In 1892 the first faint beginnings of the rupee ratio controversy are discernible. That year the Indian mint was closed, and this meant divorcing the rupee from silver. Seven years later the rupee was stabilised at 1s. 4d. and less than thirty years after Sir Purshotamdas, as he then became, was to be among the chief opponents of the new ratio of 1s. 6d. But those days were still ahead and far away.

Purshotamdas began his business apprenticeship under the watchful eye of Narandas to whose persuasion he had principally yielded. His work proceeded to strict routine. Every morning at ten he reported himself at Narandas's residence, from where he drove to the office in a shigram.

Here drifted an endless stream of brokers with whom Purshotamdas's business mentor engaged in wordy conversation.

"Don't interrupt or ask questions but just listen," Narandas instructed his young charge.

Purshotamdas did as he was told. He listened — very carefully.

At the end of every hour-and-a-half Narandas would ask his pupil to sum up what he had heard. Purshotamdas's retentive

memory had no difficulty in docketing and registering all that had transpired. Indeed his acute observation embarrassed the older man for Purshotamdas was quick to note from his very first "lesson" that Narandas's answers to the same query did not tally with every broker.

"Why do you do that?" he asked his not so guileless teacher.

Narandas was nettled.

"All you've got to do," he advised his too apt pupil, "is to watch me for another 14 days. Then you'll stop asking silly questions!"

Purshotamdas was the first graduate to work in the family firm, and having acquired a measure of intellectual discipline he found the haphazard methods of his business associates often disconcerting and sometimes irritating. Narandas's ways were incalculable. The firm, Purshotamdas noticed, received numerous letters every day but not only were the majority of them left unanswered but some of them were not even read! Rajaram, who looked after the accounts, was continually bewailing the loss of pies while leaving the rupees to look after themselves. He had an odd habit of picking up torn envelopes from the waste-paper basket, smoothing them out with tender care, and then using them to work out his complicated and manifold calculations.

Narandas was a hard task master. Being the first graduate on the firm, Purshotamdas had to put up with a great deal of sly and malicious criticism from the various assistants and even partners in the firm.

"It is not like reading books and passing examinations," they taunted him whenever he made mistakes, and in the early days he made several.

One of these led to an episode which left an enduring mark on Purshotamdas's character. The firm had bought about 500 bales of fine Bengal from a Japanese concern for a certain delivery. The delivery order for part of these bales came soon after but not having studied the rules of the Association Purshotamdas put the delivery order in his desk drawer after recording it in the book. A couple of days later another delivery order for another hundred bales came and the young apprentice followed the same procedure, omitting to mention



to Narandas that these delivery orders had come. Four days later a broker arrived in the office to inquire why the delivery orders had not been presented, whereupon Narandas denied having received any such orders. The broker, however, insisted that the orders had been sent at least four or five days previously and that the survey time had expired. Narandas thereupon sent for Purshotamdas and asked him whether the delivery orders had been received.

"Yes," said Purshotamdas innocently, "I have received them and I have kept them in the drawer in order that we might sample all the 500 bales together."

Narandas, losing his temper, slapped Purshotamdas across the face in front of the broker and a few merchants who were also present.

It was characteristic of Purshotamdas that he made no mention of the incident when he returned home that evening although Vijbhucandas was quick to note his nephew's moody gloom.

On the following day when Vijbhucandas went to the firm's office Narandas asked him whether Purshotamdas had told him anything about the episode on the previous day.

"What episode?" Vijbhucandas asked. "I know nothing about anything that has happened."

Narandas thereupon related the incident and later in the evening asked Purshotamdas why he did not mention it to his uncle.

"What was there to complain about?" Purshotamdas replied. "I made a mistake which might have cost the firm dearly and you brought it home to me in your own manner. I have never been accustomed to complain about just punishment and it did not occur to me that I had a sort of court of appeal over your head."

Narandas was pleased. "Well," he replied, "you are the young man for me."

Even Vijbhucandas's business methods were more than slightly puzzling. He too had his own intricate system of accounting from which nobody but he could decipher whether at any given moment the firm was running at a profit or loss.

Towards Purshotamdas at home he still displayed a parental

kindliness which never altered or wavered but in the office he left his nephew's business training to Narandas's astute hands. Vijbhucandas was even averse to paying Purshotamdas an allowance when Narandas suggested it.

"He has no domestic expenses," the uncle argued.

Purshotamdas was soon to acquire these.

Oddly enough, Vijbhucandas had for some time consistently refused to entertain any marriage proposals for his nephew, even rebuking his wife, Ambalaxmi, when Purshotamdas being then 15, she had suggested that he should be betrothed to one of her cousin's daughters.

"He is held by us in trust," Vijbhucandas had reminded his wife. "We should therefore look after him with more care than even our own children."

Now that Purshotamdas had completed his education his uncle felt that the time was propitious for his marriage, and he was eager to entertain any acceptable proposal made. This came from a well-known family whose head was the Dewan of Kutch, and it was decided that the marriage should take place at Rajkot. There with Vijbhucandas's blessings and in his presence Purshotamdas, then 22, was united in matrimony to Dhankore, the 19-year-old daughter of Damji Bhanji Kothari, who was a relative of a former Dewan of Kutch. The wedding took place on 6th March, 1901.

Characteristically Vijbhucandas declined to draw for the wedding expenses from the allotment of Rs. 4,000 which Purshotamdas's father had left for his son's marriage. He had never grudged his nephew money for reasonable and useful expenditure. Himself frugal in the extreme he had allowed Purshotamdas to spend on books and other helpful items, keeping meanwhile a vigilant eye on his nephew's patrimony and conserving it for his ward's benefit.

Purshotamdas's wedding was marked by two interesting episodes. The convocation at which he was to take his degree coincided with the marriage festivities, so he had to take his B.A. in absentia. Secondly, the fact that the wedding took place at Rajkot was resented by the more orthodox members of his caste who murmured against the innovation. But their agitation did not deter Vijbhucandas who had the courage of

the social reformer. It was difficult to get him to change his mind once he had made it up.

For the next three years Purshotamdas devoted himself to learning every meticulous detail concerned with his firm's business. He was still a comparative neophyte lacking the experience of his older associates but he soon neutralised this disadvantage by his quick aptitude for mastering facts, his tireless industry and his ability not only to see all round but into a problem. Even as a young man he had the quality of seeing a thing clearly and seeing it whole.

Such industry and initiative were to bring their rewards — but not immediately. At the end of a three-year apprenticeship Purshotamdas's diligence was recognised by a bonus of Rs. 5,000, a sum which Narandas would have liked to increase but Vijbhucandas would have none of it.

Fate, with a twist of cruel irony, now played its fickle hand. Vijbhucandas, ailing for some years from an injured hip-bone, was suddenly stricken with an illness which virtually immobilised him. His affliction came at a time when the firm had incurred a loss of nearly Rs. 3 lakhs in the oilseeds section, and his absence at this difficult juncture demoralised Narandas Rajaram & Co., whose partners suggested that Purshotamdas should come in as an eight-anna partner and share the preceding year's loss.

Purshotamdas protested.

"Why should I share the year's loss?" he argued. "I am only an apprentice and not responsible for the loss."

Narandas pleaded with him.

"Your refusal will mean the winding up of the firm," he confessed. "We cannot continue alone."

Purshotamdas was in a quandary. Commonsense suggested that he should tread cautiously while family sentiment and his love for Vijbhucandas urged that he should come to the firm's rescue.

He thought the matter over carefully and family feeling prevailed. Having made his decision he told his uncle about it, and asked for his blessings which Vijbhucandas gave.

Purshotamdas then used part of the estate he had inherited from his father, and which his uncle had so wisely tended

for him in his youth, to wipe out the firm's loss for the year. In 1907 he entered Narandas Rajaram & Co., as a senior partner.

It was exactly six years since he had entered its dim untidy portals as an apprentice. He did not then know it but King Cotton had begun his reign.

## *Coming to the Fore*

HONESTY is good business. It pays dividends. By precept and practice Purshotamdas was to prove this, acting in the first instance within his own firm on the principle that reform like charity should begin at home.

In those golden days of easy money when Bombay rode high on a wave of commercial expansion, business morality was at an ebb. The outbreak of the American civil war in 1861 which cut off the supply of American staples had seen a "share mania" following the cotton boom. According to an informed computation the boom brought Bombay roughly £ 81 million in five years over and above what she had earned in former years as a fair price for her cotton.

"The produce of all the great cotton fields of India, Nagpur, Berar, Gujerat and the southern Maratha country," wrote the then Bombay Governor, Sir Richard Temple, "found its way to Bombay in order to be exported to England with all possible despatch, while the high prices ruled and the blockade of the South American ports lasted. So sudden was the demand, so high the range of price, so vast the profits that an economic disturbance set in. Money seemed to lose its purchasing power, the prices of almost all articles rose simultaneously and the wages of labour were enhanced in proportion."

To get rich quickly became a craze. Retribution was to come with the termination of the war in 1865 but as inland and oversea communications improved, trade revived and the turn of the century saw prosperity again. Purshotamdas was too hard-headed to be easily led astray by this gilded lure. In the general madness he was determined to keep his head. The first thing, he realised, was to put his own house in order.

The capacity for firm decision after careful thought is one of Sir Purshotamdas's outstanding traits and is discernible

even in the early years of his career. If the company of which he was now a senior partner was to be salvaged it was imperative that it should cut its losses. Purshotamdas accordingly closed down the oilseeds department which had proved a continuous drain on the company's financial resources. Simultaneously he decided to expand the firm's operations in the cotton field. From henceforth he was to concentrate his business activities on cotton. He never regretted the decision.

Casting his eye around for other deficiencies to be remedied Purshotamdas was faced with a glaring malpractice. Even as an apprentice he had noticed on his visits to the cotton tracts of Surat and Broach that large stocks were piled up at these centres at a time when the firm's exports from Bombay were delayed for want of raw cotton. On one such visit Purshotamdas had inquired the reason for this strange state of affairs but the firm's representative, eyeing the youthful apprentice with some disdain, was evasive.

"Have these stocks rushed immediately to Bombay," Purshotamdas had directed.

The representative had ignored the request.

"Have you a written directive to that effect from the head of your firm?" he inquired.

Purshotamdas, returning to Bombay, apprised his uncle of the facts. Vijbhucandas acted promptly drafting a signed order for the benefit of the recalcitrant agent who was also informed that the young apprentice was invested with full powers to make policy decisions "for the time being".

Armed with this document Purshotamdas confronted the agent again. This time the representative was chastened and contrite.

"Why," inquired Purshotamdas again, "are these stocks being piled up here when Bombay is scrambling for raw cotton?"

The agent now confessed that the main reason was to enable the superior varieties of raw cotton to be mixed with the inferior styles.

"Unless we do this," said the agent blandly, "where is the profit in the business?"

Purshotamdas was aghast.

"But this is wicked in the extreme," he protested.

The agent shrugged his shoulders. For him to mix raw cotton varieties was as normal as for a milkman to dilute his milk.

There and then Purshotamdas gave him a written order that on no account was high quality cotton in the future to be mixed with the lower varieties. The agent's only reaction was an incredulous lifting of his eyebrows.

Such a display of virtue was sceptically received in Indian trade circles which prophesied that Purshotamdas's cotton would be priced out and that he would eventually be ruined.

But Purshotamdas persevered. He was determined that this odium attaching to the Indian cotton trade should be removed and he set out by personal example to erase the stigma.

Honesty and determination triumphed. Within three months Purshotamdas had sold out his entire cotton stock and at premiums ranging up to Rs. 60 over the market rates. He had not only proved that honesty pays but broken the inertia and indifference of most Indian traders who as a class accepted at that time without question whatever quality of raw cotton was offered to them. Now most of them realised that the practice of "mixing" was neither honest nor businesslike.

Purshotamdas became something of a hero, and his reputation for reliability increased his circle of eager customers. Among them was the shrewd and wily E. D. Sassoon who controlled the Sassoon group of mills. Hitherto Sassoon's principal supplier was a well-established Indian firm known as Vassanji Trikamji & Co., but news of Purshotamdas's bold tactics had percolated to Sassoon's office and he asked the young trader to call on him.

In those days cotton traders as a class knew little or no English. Sassoon therefore addressed his visitor in Hindi but he was pleasantly surprised when Purshotamdas, explaining that he was a graduate, spoke in English.

"I agree," said Sassoon, "that there is scope for honest trading in cotton. But have you any cotton stocks for immediate supply?"

Purshotamdas assured him that he had.

"In that case," said Sassoon, turning to his secretary, Jeejeebhoy, "why not place an order with him?"

Jeejeebhoy demurred. The prices quoted by Vassanji Trikamji were Rs. 10 to Rs. 15 below the prevailing market rates, and he thought the prices quoted by Purshotamdas were high.

Purshotamdas bristled.

"You need not buy if you think my prices are high," he retorted. "But remember I deal in quality cotton."

Sassoon, listening to the young trader as he argued his case, was impressed by his earnestness. The old millowner was blind but turning his sightless eyes on Purshotamdas he nodded agreement. His crinkled face creased into a smile.

"Give him an order for 500 bales," he instructed Jeejeebhoy.

Sassoon though blind could gauge the quality of cotton by the feel of his hand. When Purshotamdas tendered his stocks Sassoon rubbing the cotton between his fingers immediately sensed its superior quality. Not content with this he visited his mills personally inquiring from the workers what they thought of the new consignment. The workers were enthusiastic.

"Then, what," demanded Sassoon of his cotton suppliers and brokers, "have I been buying all these years?"

Angrily he ordered his godowns to be opened and the quality of the cotton in them to be scrutinised. There was no doubt that Purshotamdas's tender was infinitely superior to the cotton housed in the Sassoon godowns.

Sassoon stormed. He insisted that his customary suppliers should remove every bale and replace it. He overhauled his purchasing staff. The loss of this fabulous client ultimately led to the liquidation of Vassanji Trikamji.

A similar fate overtook an Italian firm in Bombay which also attempted to measure swords with Purshotamdas, only to invite disaster on itself.

These encounters strengthened Purshotamdas's already considerable prestige and marked him out as a businessman of courage and calculation who had the daring, initiative and vision to blaze new trails. But Purshotamdas was not content to rest on his laurels. He realised that unless the cotton



trade operated under accepted rules and regulations which ensured quality production and marketing standards an individual triumph here and there was a mere flash in the pan.

From this determination germinated the idea to establish the Indian Central Cotton Committee which, by specifying norms and rules, helped to curb if not to eliminate the many malpractices then prevailing. These ranged from watering cotton so as to increase its weight to adding fine sand with the same end in view. There were pressing factories for this purpose, and not a few cotton firms had "mixing clerks" on their payrolls whose principal function it was to supervise "false packing". Some of the foreign firms, while not indulging in "mixing" openly, taught the Indian traders how to improve on their "false packing".

Purshotamdas carried his crusade into the forum of the East India Cotton Association, insisting that heavy penalties should be imposed for these malpractices. These deterrents had the effect of restricting such evils greatly within three years. "False packing" became the exception rather than the rule, and "mixing" was curbed. Admittedly tenders today might fall short of the stipulated quality but the price mechanism of 'on' and 'off' allowances takes care of this.

"If we have to break a man to stop an evil practice, it is better to break him soon." This has always been Purshotamdas's view which he still preaches with missionary zeal.

The burgeoning of a business conscience was to flower in other directions. Purshotamdas's social conscience had always been keen. Few 'Acts of God' took a more cruel toll than the successive famines which made their reappearance in the latter half of the nineteenth century beginning with the Orissa famine of 1867 and culminating in the calamity of 1900 which affected wide tracts in central and southern India.

Purshotamdas, who was in his last year in college when the latter visitation occurred, was moved by the accounts he read and heard of it as also by the pictures he saw. He tried to help in a characteristically practical manner by organising subscriptions among the students of the college. To this day he retains and preserves a copy of the final subscription list. The famine was also discussed at home, and Vijbhucandas

and his friends, apart from collecting money for relief, secured a shipload of maize from America which they distributed through the proper channels.

In 1911 a local famine struck several districts of the Bombay Presidency, particularly Gujerat, Cutch and Kathiawar. In Bombay city, aid was being mobilised under the direction of Sir Pherozechah Mehta, then at the height of his civic fame. Pherozechah was a purposeful man gifted with tremendous drive and energy who also knew how to pick his lieutenants and exact from them the maximum work.

Purshotamdas was then unknown to public life but reports of his organising ability, his initiative and persistence had reached Pherozechah's ears. Here, reckoned the veteran politician, is a young man ideally suited to be the secretary of the Relief Fund. He sent for Purshotamdas who was then 32. It was to be his first essay in public life.

Pherozechah, who knew Vijbhucandas well, was unaware of his relationship to Purshotamdas, and when he heard of it, he was delighted.

"Just the man we are looking for!" he remarked.

He requested Purshotamdas, whose bearing and speech had impressed him, to work as the secretary and treasurer of the Famine Relief Fund but Purshotamdas, somewhat overwhelmed by the responsibility sought to be thrust on him, was diffident and begged to be excused.

"Why are you so faint-hearted?" demanded Pherozechah. "If you have the will to do the job we, your elders, will wholeheartedly support you."

Thus bludgeoned into assuming a new responsibility Purshotamdas agreed, though with some doubts and hesitation. He returned home and told his uncle what had happened.

"It is a good cause," said Vijbhucandas persuasively. "If you can make a success of it, it is well worth doing."

Now Purshotamdas was confronted with the problem of launching the drive and collecting funds. How should he set about it? For nearly two weeks he turned the question over in his mind reluctant to embark on a method which would yield disappointing results, and from which it would be difficult to beat a strategic retreat.

Walking one day on the Chowpatty sea face mulling the matter over, Purshotamdas encountered an elderly acquaintance by name Bhukhandas Bhanabhai.

"Why so pensive?" inquired the older man.

Purshotamdas explained his problem to him.

After a moment of reflection Bhanabhai remarked, "There are two ways of dealing with the problem. You can either go around the city collecting money and you might collect thousands of rupees or — and here you get to the root of the matter — you can organise practical measures to alleviate the acute food shortage."

Purshotamdas was drawn instinctively to the second alternative, and he asked Bhanabhai whether he could suggest ways and means of implementing it.

The old man responded with an offer.

"I'll supply you with plenty of fodder," he volunteered. "It comes from a centre about 80 miles from Bombay. I'll give it at an economic rate — from eight to ten rupees per thousand pounds. The railway transport will cost you little."

Purshotamdas knew that in the famine area the prices of fodder ranged from Rs. 18 to Rs. 20 per thousand pounds. If he accepted Bhanabhai's offer, not only would the Famine Fund secure supplies at an economic rate but this in turn would help to bring down food and fodder prices in the famine area.

Characteristically, however, he kept his own counsel and did not commit himself.

"Your problem," said Bhanabhai as they parted, "is to get the railway wagons."

Purshotamdas, thanking him, went his way after asking Bhanabhai to contact him within a few days.

He was attracted by Bhanabhai's proposal. But the problem was — how to procure the railway wagons? He thought over the matter for a few days and then decided to approach the Governor of Bombay, Sir George Clarke, who was later to be Lord Sydenham. Clarke, a clear-headed, efficient administrator if a trifle self-opinionated, immediately recognised the value of the proposal and the urgency for its speedy implementation.

He summoned the manager of the B.B. & C.I. Railway and instructed him to let Purshotamdas have the wagons without delay. A word from the Governor was a command. Officials moved into action, the Governor's intervention not merely expediting matters but cutting through a tangle of red tape.

Purshotamdas, realising this would be the case, had approached the highest authority in the Presidency. His tactic produced results, and he was allotted ten wagons a day.

On being apprised of these developments, Sir Pherozeshah was well pleased.

"After all," he remarked in a reference to Purshotamdas, "he was my discovery."

Alongside the despatch of food and fodder to the famine areas the Relief Fund was busy mobilising subscriptions. But the famine coincided with the Delhi Durbar of King George V and Queen Mary, and public attention was ironically distracted between the pomp of royal pageantry on the one hand and the misery of a famine on the other. It became necessary for Bombay to requisition the aid of a central relief fund, the Indian People's Famine Trust housed in Calcutta, which responded generously. The Trust gave an initial donation of Rs. 50,000 which it supplemented later with another lakh of rupees, given in two instalments.

These disbursements in turn stimulated subscriptions in Bombay which contributed nearly another two lakhs. The total amount collected by February 1912 was Rs. 3.46 lakhs.

At the end of February the then Sheriff of Bombay, Mr. Narottam Morarjee Gokaldas, called a citizens' meeting over which Sir George Clarke presided when it was decided to appeal for more funds and accelerate the pace of relief. At this meeting Purshotamdas was able to announce that the committee had to date collected Rs. 1.92 lakhs and bought 1.13 crore lb. of fodder. He thanked the Government for its prompt action in reducing freight charges, thereby facilitating the transport of fodder, but he also pointed out that more wagons would be needed if the cattle and livestock in the famine areas were to be saved.

Largely as a result of his appeal the B.B. & C.I. Railway authorities stepped up their wagon quota from 10 to 35 wagons

a day. The hot weather had aggravated the drought in the affected areas where the cattle, for want of fodder, were the main casualties. Hay was procured by the committee at prices ranging from Rs. 11 to Rs. 20-8 per thousand pounds, the total quantity purchased being 2.88 crore lb. at an average cost of Rs. 16.25 per thousand pounds.

"Operation Fodder" was no mean achievement in those days of slender communications and small resources. That it was effectively achieved is a tribute both to the Government authorities as also to the public spirit of private citizens, the committee being especially scrupulous in ensuring that not a rupee of the Fund was wastefully spent.

In all, "Operation Fodder" was able within eight months — from November 1, 1911 to June 30, 1912 — to transport by rail 47,749 wagon loads containing about 45 crore lb. of hay. Aside from this, cheap grain shops were opened particularly in the more destitute district of the Panch Mahals. Clothing, blankets and other necessities were also made available.

Cattle being the peasant's principal source of livelihood "Operation Fodder" took major priority in the committee's relief plans. To those private owners and cultivators who could afford to pay, the committee made hay available at an economic price debiting the difference between the market price and the selling rate to the Fund. Thanks to these prompt and imaginative measures, many hundreds of plough cattle were saved and the loss in milch cattle was kept to the minimum.

For Purshotamdas this debut in public service taught many invaluable lessons. He was always willing to learn, and brought into contact for the first time with Bombay city's outstanding personalities, some of whom were also prominent on the national scene, he noted with his observant eye their qualities, methods of work, virtues and idiosyncrasies. This was also the first occasion when he worked in association with the Government. Bureaucracy, he noted, had its failings but the administrative machine was not quite so wooden as he had thought it to be, and given directive and drive from the higher echelons it could function effectively, even with imagination. Purshotamdas, imbued with the team spirit of

a Hindu joint family, saw in public life many similar analogies and antagonisms. But withal the team spirit prevailed.

Appreciation of Purshotamdas's efforts was wide. He had not spared himself in the year he dedicated to this task, often working — particularly in the seven crucial months of 1912 — as much as fourteen to fifteen hours a day, for his labours included a considerable amount of "homework" which often kept him up until two in the morning. To his own business he could spare no more than ninety minutes a day — sometimes less. But virtue occasionally brings its reward. In this period Purshotamdas's commercial activities thrived, and he himself, although busy literally from morning till night, managed by some curious alchemy of the body to put on a stone in weight.

At its final meeting, held on October 10, 1912, the managing committee of the Fund eulogised Purshotamdas's work as secretary and treasurer. Its resolution read: "The Committee of the Fund has great pleasure in putting on record their high appreciation of the energetic, efficient and patient manner in which Mr. Purshotamdas Thakurdas did, with conspicuous ability and at great personal sacrifice, the work of Hon. General Secretary and Treasurer of this Fund for a period of nearly one year with entire satisfaction to all concerned and they take this opportunity of tendering to him the best thanks of this Committee for the most willing and excellent service rendered by him to this Fund."

There was an interesting if entertaining sequel to Purshotamdas's first incursion into public life. For his work during the famine Sir George Clarke recommended him for the Kaiser-i-Hind silver medal which was duly bestowed on him. Accompanying this award was a somewhat apologetic letter from the Governor who wrote that he recognised that the honour conferred on Purshotamdas was "a very small one".

Sir Pherozeshah also shared this opinion and was highly wrathful. He expressed his indignation to Purshotamdas.

"I'm disgusted with the wholly inadequate way in which the Government has recognised your work," he told him. "My own advice to you is to refuse the medal. I'll draft the letter for you. The least you should have got was a C.I.E."

Purshotamdas was to get the C.I.E. in 1919 but neophyte as he was in public life he refused to be swept away by the older man's exuberance.

His reply was a model of logic and propriety.

"I don't care for the honour," he told Sir Pherozeshah. "But if I refused it and then accepted a bigger honour later, it would only mean one thing — that I worked on the Famine Fund hoping for some award. And I didn't."

For once the Uncrowned King of Bombay, as Sir Pheroze-shah was known, was silenced.

## *In Public Life*

AUGUST 1914 saw the outbreak of the first world war. Its impact, political and economic, on India was to be considerable. Politically the Morley-Minto reforms of 1909, which in the words of the King's Proclamation of November 28, 1908, "prudently extended . . . the principle of representative institutions", was to be replaced by the Government of India Act of 1919. Economically the war, by cutting off the inflow of British goods, gave a fillip to indigenous industries particularly cotton and jute. Although only one new cotton mill was put up in Bombay between 1915 and 1925 many of the older ones were extended. The cotton trade benefited from this windfall.

To Purshotamdas, along with most other cotton traders, the war brought prosperity, enabling him to put the family business on a firm footing and to embark on material but sound expansion. With his educational background which enabled him to assess the fluid war situation more shrewdly than most of his associates he combined boldness and a natural conservatism which led him to tread cautiously but courageously. Both the Government and the public respected his business acumen and integrity. The famine of 1911-12 had revealed him as a man imbued with a deep sense of public service.

In 1916 Purshotamdas was nominated to the Bombay Legislative Council which functioned under the Morley-Minto reforms with Lord Willingdon, the then Governor, as its President. Purshotamdas's work during the famine familiarised him with problems such as food supply, irrigation and livestock, on which he was generally rated an expert; on these he spoke authoritatively with a confidence born of experience. When at the end of the war Bombay was visited by drought and



famine Purshotamdas's services were again requisitioned as secretary and treasurer of the Presidency Famine Relief Fund and once again he devoted to this onerous task his customary thoroughness, zest and commonsense. Once again tributes, public and private, were paid to his "single-minded devotion".

He had many distinguished colleagues in the Legislative Council, some of whom were to leave their impress on the country's political life. They included Vithalbhai Patel who was later to be Speaker of the Central Assembly; Dr. R. P. Paranjpye destined to be a Minister in the Bombay Government and High Commissioner to Australia; the veteran Sir Dinshah Wacha; and Sir Ibrahim Rahimtoola who was to earn a wide reputation as businessman and administrator.

Although a nominated member Purshotamdas voted independently, often criticising the Government but invariably making a constructive contribution to the debate. Inevitably he concentrated on subjects with which he was familiar and only spoke after carefully sifting and mastering the facts. Like a shrewd parliamentarian he rarely asked questions unless he knew the answers.

In those days when all power was concentrated in the Government, members of the legislatures could at the most, by focussing attention on a grievance or a need, arouse public opinion and gently prod the authorities into speedier and more positive action. Purshotamdas realised that in itself negative criticism could achieve little. He therefore always made it a point while criticising official acts to suggest positive remedies. As a result his speeches were listened to with respect by the Government benches.

In the context of present-day India with its Five-Year Plans, its river valley schemes, and its power and irrigation projects it is interesting to recall how even in those distant days, two decades before the outbreak of the second world war, the minds of progressive Indians were reaching out in similar if more modest directions. As early as 1919 Purshotamdas initiated a resolution on the need for wider irrigation facilities in order to improve fodder supply, recommending a survey of suitable sites on river beds and river banks for this purpose. In the light of later developments this was a modest suggestion.

But the member in charge of irrigation and public works, Mr. (later Sir) George Curtis, opposed it on the usual official plea of undue expenditure.

Purshotamdas's proposal, however, evoked wide interest and a lively debate. By and large, the Indian non-official members of the Legislative Council supported the suggestion, and so keen were comment and interest that the President, who was also the Governor, had to intervene with the suggestion that Purshotamdas should withdraw his resolution.

"I understand," said Sir George Lloyd who had succeeded Lord Willingdon as Governor in 1918, "that the Hon'ble Member, who moved this resolution is an enthusiast on this subject, as he is on matters with regard to famine, and the Government and the people of this Presidency are very much indebted to his enthusiasm and his knowledge of this subject. But I think he is aware that my Government has taken prompt action and has met him readily on the matter of fodder research. It would be easy for the Government to accept the Hon'ble Member's resolution—it would indeed be grateful to do so—and yet to do very little. I am not prepared to pledge myself or this Government to the acceptance of this resolution and then to come to the Hon'ble Members in a year's time and say that we have not yet finished our investigation. I hope, therefore, that he will see his way to withdraw the resolution which we really cannot accept while we are taking in hand other important improvements."

Purshotamdas, having accomplished his main object of prodging the Government into a livelier awareness and appreciation of the situation, was content to withdraw the resolution.

"What I think, sir," he said responding to Sir George Lloyd's gesture, "is that in matters of this kind, the Government moves rather slowly. But, if in spite of the very important affairs that are on Your Excellency's hands, Your Excellency's Government feel sure that action will be taken on the resolution, I will not press it now. I ask for leave to postpone consideration of this Resolution."

The resolution was then, with the leave of the House, formally postponed, but Purshotamdas's vigorous advocacy had registered on the Government benches.

Later he was to initiate another resolution based on the recommendations of the Indian Irrigation Commission of 1901-03, suggesting that irrigation should be accelerated by the use of up-to-date machinery and the import of labour from other provinces in order to reinforce the local workers. Purshotamdas also suggested wider Government publicity.

Once again the resolution drew enthusiastic support from the Indian non-official members and once again evoked the stock official reply of lack of funds. The member in charge, Mr. George Curtis, urged Purshotamdas to withdraw the resolution and wait until a reference was made to the Government of India when the future allotment of funds would be more clearly indicated.

This time Purshotamdas was unwilling. He inquired of the President if the Bombay Government would accept his resolution subject to the financial limitations mentioned by Mr. Curtis but Sir George Lloyd was not prepared to agree.

"In that case," said Purshotamdas, "I must press for a vote."

The vote was taken, Purshotamdas's resolution being carried by 22 to 17.

Another matter in which he interested himself was a proposal to levy a town duty of a rupee on every bale of cotton imported into Bombay city. By conviction Purshotamdas was a strong advocate of free trade and he had consistently opposed moves to levy import or export duties on goods coming into or going out of the city. On the other hand the civic exchequer needed to be reinforced, and Purshotamdas's plea was initially not popular. With characteristic determination, however, he persisted in his campaign and was able finally to enlist the support of the predominantly European Chamber of Commerce which led the Bombay Municipal Corporation to drop the proposed levy.

Purshotamdas's independence in speech and vote, although a nominated member of the Council, irked the Governor on one occasion. This occurred when the Government introduced the Port Trust Amendment Bill with a view to empowering the Bombay Port Trust to put up a hotel from Trust funds. It was proposed that this luxurious caravanserai, designed on the

lines of London's luxury hotels, should cater to the needs of visitors and tourists passing through the Gateway of India, and Sir George Lloyd (later Lord Lloyd) had more or less identified himself with the project.

Lloyd, an imperious autocrat by nature, did not relish the idea of Purshotamdas's opposition to the scheme. Not only had Purshotamdas opposed it at a meeting of the Port Trustees, of which he was a member, but he spearheaded the opposition to it in the Council.

"I did not expect him to oppose the Bill," Lloyd told Purshotamdas's cousin, Chunilal V. Mehta, who was also a member of the Council. "Certainly I did not expect him to lead the opposition."

The Governor asked Chunilal to convey his disapproval to Purshotamdas.

"Will you tell the Governor," said Purshotamdas to Chunilal, "that I never accepted membership of the Council on any condition? Nobody in fact has ever mentioned any condition. If His Excellency so desires I shall resign provided he puts down on paper the message you have conveyed to me."

Lloyd was not amused but he wisely kept silent. Purshotamdas heard no more about it, and the Bill itself was dropped later on the Viceroy's intervention.

Purshotamdas's membership of the Legislative Council continued until 1920 when it was replaced by the Bombay Legislative Assembly under the Government of India Act of 1919. Nomination to the new legislature was again offered to him by the Governor who suggested that he should represent Bombay's cotton trade. Purshotamdas readily agreed.

Here as in the old Council he zealously preserved his independence, and indeed again headed the opposition to a Government-sponsored taxation bill which sought to levy an impost on entertainment at cinemas and theatres. He spoke with his accustomed vigour and the President of the Assembly, Sir Narayan Chandavarkar, later congratulated him on his performance. Chandavarkar was not given to excessive eulogy, and the compliment pleased Purshotamdas.

Quite early in his public career the Government, noting Purshotamdas's painstaking thoroughness and sense of fair

play, had appointed him to various committees. One such, constituted during the governorship of Lord Sydenham, was entrusted with the apportioning of public holidays among the various Indian communities. This was one of the first occasions when Purshotamdas noticed how communalism carried to the extreme could deleteriously affect relations between Hindus and Muslims.

A senior Muslim member of the committee canvassed for more Muslim public holidays, and did so at the cost of some existing Hindu holidays. Purshotamdas, although then a comparative new-comer to public life, felt this was unfair and protested but the majority in the committee voted with the Muslim member.

In 1920 Purshotamdas was nominated to the Indian Railway Committee presided over by Sir William Acworth and known popularly as the Acworth Committee. Its nine members included Sir Henry Burt, former President of the Indian Railway Board, Sir Arthur Anderson, Sir George Godfrey, Mr. James Tuke, Director of Barclay's Bank and the British Linen Bank, and Sir Henry Ledgard of Kanpur. With most of his British colleagues including Acworth and James Tuke Purshotamdas worked in the closest harmony and he also found himself in sympathy with one of his Indian colleagues, Mr. Srinivasa Sastri. His relation was neither cordial nor equable with his other Indian colleagues, notably Sir Rajendranath Mukherji whose attitude in many matters seemed to Purshotamdas to be somewhat equivocal.

At the time of his appointment to the committee Purshotamdas was Sheriff of Bombay and in this capacity had technically to seek the Governor's permission to leave Bombay. The committee's initial itinerary lay in India to be rounded off with a visit to Britain, and its first meeting was in Calcutta where the members travelled on a special train. In the course of his journeyings through the country Purshotamdas was to be brought into closer contact with many well-known Indian businessmen, particularly Mr. G. D. Birla, with whom he stayed at Calcutta and Lala Kamlapat, father of Sir Padampat Singhanian, who had commercial relations with the Tata Industrial Bank of which Purshotamdas was a director. From this

early meeting with Lala Kamlapat dates Purshotamdas's close link with the Singhanian family.

Broadly the Acworth Committee was required to investigate into the question of railway management and railway finance and its appointment was actually the outcome of deliberations on the future of the East Indian Railway, a line managed by a company whose contract was terminable in 1919. During the previous decade Indian political circles had demanded a more complete nationalisation of the country's railways, protesting against the then prevalent form of management of State lines by non-resident companies holding only a small pecuniary interest in the properties which they managed and influenced largely by an undue solicitude for their dividends. From a very early stage it was evident that the Committee was divided between the advocates of company and State management and the cross-examination of witnesses brought this internal conflict of opinion into bold relief.

Purshotamdas, who was strongly in favour of the State management of railways, was as usual industrious in the collection and compilation of facts and figures. So far as the Indian members were concerned, he was actually in a minority of one for both Sir Rajendranath Mukherji and Sir Maneckji Dadabhoy supported company management while Mr. Srinivasa Sastri was initially lukewarm on the issue, not being particularly concerned whether the railways were State managed or privately owned. On the other hand, Acworth proved himself a scrupulously fair and impartial chairman.

From the beginning Purshotamdas was assiduous in questioning and cross-examining witnesses but at Lucknow he received a telegram from the President of the Bombay Legislative Assembly calling upon him to attend the first meeting of that body which was to be inaugurated by the Duke of Connaught on behalf of the King. As it happened Purshotamdas was at that time the only Indian member present at the committee's deliberations for Sir Rajendranath Mukherji, Sir Maneckji Dadabhoy and Mr. Sastri had been called away to attend to certain personal matters. When Purshotamdas showed Acworth the summons from Bombay the Chairman did not demur as he expected but readily agreed. On reconsideration Pursho-

tamdas felt that it might not be politic for him, as the only Indian member present at that stage of the committee's deliberations, to leave the field open to those who favoured company management. He therefore telegraphed to Sir Narayan Chandavarkar, President of the Assembly, begging to be excused from attending the function on the ground of public duty. He also offered to resign his membership as he was due to sail for England within a few week's time. The secretary of the committee was Mr. T. Ryan, an Irishman with a sense of humour, and when Purshotamdas showed him a copy of the telegram he was despatching to Bombay, Ryan remarked with a smile: "You, of course, know what is best for the cause you are advocating." As events proved, Purshotamdas took the right course.

His continued presence, despite the urgent call from Bombay, demonstrated to his colleagues that he meant business. At Lucknow he was able to canvass the support of the then Raja of Mahmudabad, a sound nationalist who was impressed by Purshotamdas's arguments in favour of the State control of railways. Due largely to the Raja Saheb's intervention and persuasion the Government of the United Provinces tendered evidence in support of this view, a gesture which perturbed Sir Henry Burt who, as Chairman of the Bengal and North-Western and Rohilkhand and Kumaon Railways, was a strong advocate of company management. Each school of thought endeavoured to discredit or deprecate witnesses hostile to their particular views and Purshotamdas had perforce to keep a vigilant eye on the proceedings.

On completing its tour in India the committee sailed for England, this being the first time that Purshotamdas and his wife had left the shores of their country. They looked forward to their visit for another and more personal reason for their only daughter, Padmabehn, had gone there ahead of them with her husband, Ramanbhai. Padmabehn, who was then 20 years of age, had been married in 1920. She was expecting her first child and with her husband was staying at a comfortable, well-furnished residence at Putney Hill in London. They had the services of a good staff and the house was commodious enough to accommodate friends and relatives.

Until his visit to England Purshotamdas and his wife had been strict vegetarians but in the damp cold climate of England Purshotamdas discovered that his health was not as vigorous as it was in India. He consulted a doctor who advised him to include eggs in his vegetarian diet and he did so, retaining this habit whenever he went abroad to Europe in later years.

In Britain the work of the committee continued with no great fanfare but on solid rather than spectacular lines. Purshotamdas quickly discovered an unexpected ally in the then High Commissioner for India in London, Sir William Mayer, a man of strong views who was inclined to express them trenchantly, even forcefully. Sir William was particularly wrathful over the purchase of railway stores and plant in England and although an Englishman protested that cheaper and equally good equipment was available in Belgium and other parts of Europe. None the less, according to Mayer, the Government of India insisted on buying British material and railway plant at prices almost hundred per cent. above those quoted by non-British sources.

The evidence of this somewhat turbulent witness took the committee by surprise and Purshotamdas happened to mention the affair casually to an Indian journalist, the veteran St. Nihal Singh who used occasionally to visit him. Nihal Singh cabled the news to India, the leakage resulting in a short notice question being put to Sir Charles Innes, the then Railway Member. The fat was soon in the fire but ultimately the disclosure did good for it resulted in the High Commissioner for India in London being vested with complete independence in the purchase of stores and plant free from any interference or encumbrance by the India Office.

The time ultimately arrived for the committee members to discuss the broad outlines of their report, and when this happened it was obvious that the three British members from London including the Chairman favoured State management. The other British members, whose interests were linked with various Indian railways, naturally favoured company management. Acworth's attitude was particularly open-minded and fair and greatly impressed Purshotamdas.



"We three," said Acworth, speaking on behalf of himself and his two London colleagues, "feel that State management is the only just solution for the Indian railways in the present circumstances. After all, the Indian tax-payer holds the major part of railway capital. He pays the piper and is entitled to call the tune." Acworth at the same time pointed out to Purshotamdas that apart from the three British members Purshotamdas had no supporter. Which way, he inquired, would Sastri vote.

Purshotamdas had canvassed Sastri's views earlier even while the committee was in India and he had gathered the impression that Sastri would endorse whatever he decided upon after, of course, watching the proceedings and discussing matters with him. He disclosed this to Acworth but Acworth did not appear to be completely satisfied and advised Purshotamdas to get something more definite from Sastri that very day.

At that time Sastri was a delegate of the Government of India at the Imperial Conference and could not attend the committee meetings regularly. The Madras leader was staying at the Carlton Hotel and Purshotamdas who met him on the day of his conversation with Acworth appraised Sastri of the gist of his talk with the Chairman and asked him whether he would be willing to put on paper his adherence to State management.

Sastri, after considering the matter, agreed and committed his views in a lengthy letter to Purshotamdas which was delivered to him early next morning. This letter he duly showed to Acworth who now felt that he could sum up the situation for the benefit of the meeting. At its next meeting Acworth disclosed that the committee was equally divided, four members favouring State management and four favouring company management.

"As the Chairman," continued Acworth, "I have a right to give my casting vote. I do so in favour of State management."

This was by no means to the liking of various members of the committee.

Earlier one of the Indian members had attempted to persuade Purshotamdas to vote for company management and

had in fact called at Purshotamdas's house for this purpose. The ostensible reason for his visit was the birth of a son to Padmabehn, the boy being Purshotamdas's first grandson.

The visitor made no effort to conceal the real purpose of his visit and in fact blandly informed Purshotamdas that if he would vote for company management he was authorised to offer him the managing agency of the G.I.P. Railway whose term expired early in 1924.

"This will yield you a minimum of Rs. 7 lakhs a year," he said, "and it will give you, apart from prestige, a considerable power of patronage."

The visitor went on to remark that the lease of the East Indian Railway was also due for a change shortly and the managing agency of this railway had been offered to him.

"If you agree," he told Purshotamdas, "the management of both these railways will be in Indian hands."

Purshotamdas was not flattered by the offer.

"I am averse to company management, even by Indian companies under the present circumstances," he informed his guest. "In any case I have no intention of making any money out of my vote on the committee."

The visitor was not deterred by this rebuff and smoothly insisted, "Will you consult your wife before you turn my offer down? After all I am offering you a definite income of Rs. 7 lakhs a year for the next twenty or thirty years."

Such persistence annoyed Purshotamdas who curtly suggested that the interview might be ended.

Even then the Indian member appeared unimpressed.

"You need not take such a severe view of a plain business proposition," he remarked.

Purshotamdas retorted that he was not accustomed to such proposals in his business and in any case he would like the subject to be dropped.

After the report was signed and before Purshotamdas left London for India he called on Acworth at his flat in Piccadilly and told him about the incident.

"I knew a little about this," remarked Acworth, "and I feel happy that you did not yield to the temptation."

When Purshotamdas said good-bye to him Acworth re-

marked: "You are going back to your own countrymen who will welcome you with open arms and will always remember your service to them on this committee. But you leave me behind in the midst of people who will look on me with great animosity and unjustified bitterness."

Purshotamdas was moved by this confession and assured Acworth that anyone who impartially examined the condition of the Indian railways would favour State management as the ideal solution. He could not help remarking that Acworth and his two British colleagues had done by India what they would have done by their own country in similar circumstances.

On his return to India Purshotamdas received a letter from Acworth suggesting that he should do everything possible to get the idea of State management accepted by the Assembly at Delhi. Acworth appeared to be labouring under the impression that the politicians at Delhi were of the opinion that the Assembly should itself manage the railways. "You once told me," he wrote, "that in the Bombay legislature businessmen kept the politicians in their places and that the same thing would happen in Delhi. I suggest that it is time you and others like you got busy at Delhi. If irresponsible legislatures vote to cut down railway appropriations lightheartedly, they will never get a railway policy to work or railway service to do the work of the country."

Purshotamdas was upset by this communication and wrote a lengthy letter explaining the position.

"While there is no doubt," he wrote, "that the Indian politicians think that Indians should have a greater voice in the management of their own railways it is absolutely wrong to say that the Indian Legislature wants itself to manage the railways. I am strongly of opinion that this misrepresentation forms part of a campaign on the part of certain reactionary forces which seem to be on the ascendant in London and in the Government of India to demonstrate that the 'reforms' are a failure. To urge the futility of State management and to see that it does not get a fair trial seems to me to be a part of this game on the part of vested interests and reactionary forces."

There is a melancholy sequel to this episode. In the follow-

ing Honours list Acworth received a knighthood being given a K.C.S.I. but he died within a few months though only after the Indian legislature had passed a resolution adopting State management as the policy for those railways whose leases fell due.

By 1946 practically all the Indian railways were acquired by the Government and their management transferred to the Railway Board. It was the Acworth Committee that paved the way and laid the foundation for what is now India's largest nationalised undertaking and constitutes today an important mainstay of the country's general revenues.

## *Chamber and Federation*

BY 1921 when he completed his work on the Acworth Committee Purshotamdas had acquired the status of a widely respected public servant. Until then his political activities as a member firstly of the Bombay Legislative Council and later of the Bombay Legislative Assembly were centred largely in his own province. Membership of the Acworth Committee appointed by the Central Government projected him somewhat on the national plane but it was not until 1923 that he was to find a place in the legislature at New Delhi and equate his political status with his commercial eminence.

In 1921 Purshotamdas was 42. The foundations of his considerable fortune had been well and truly laid, and he enjoyed not only in the business community but in the eyes of both the Government and the people a reputation for commercial acumen and integrity. Along with this he was known to possess the outlook of a practical patriot who while keeping his country's interests pre-eminently in mind disdained cheap plaudits and refused to indulge either in extreme heroics or histrionics. Purshotamdas would never surrender national interests for personal or professional gain. At the same time he felt that a policy of intelligent and discriminating co-operation with the authorities would yield bigger and quicker political and commercial dividends than a policy of negation.

He was already convinced of one thing. The progress of Indian commerce and industry was intertwined with and indeed an integral part of the Indian nationalist movement. Progress on the political front meant progress on the economic plane. Because of this conviction he had, from quite early in his career, interested himself in the proper organisation and strengthening of Indian commercial institutions. Their strength meant added strength to the nationalist movement.

Thus he was associated closely with the Indian Merchants' Chamber in Bombay from its inception in 1907. The Chamber owed its establishment primarily to the efforts of Sir Manmohandas Ramji, a far-sighted businessman of unusual determination, and to the Bombay Native Piecegoods Merchants' Association which resented the unhelpful, often antagonistic attitude of the Lancashire trade interests in India, particularly of the British dominated Bombay Chamber of Commerce.

In 1907 various Indian trade interests, more especially those concerned with the import of piece-goods from Manchester, met in Bombay and decided to form what was known originally as the Bombay Indian Merchants' Chamber and Bureau. The objects of this organisation were defined in the following terms: "To encourage a friendly feeling and unanimity among commercial men on all subjects involving their common good; to promote and protect the trade, commerce and manufactures of India and in particular to promote the general commercial interests of the Presidency of Bombay; to consider and deliberate on all questions affecting the rights of Indian merchants, to represent to the Government their grievances, if any, and to obtain by constitutional methods the removal of such grievances; to collect and compile and distribute in such manner as may be most expedient for purposes of disseminating commercial and economic knowledge all statistics and other information relating to trade, commerce and finance, specially Indian; as well as to form and maintain a library, and generally to do all such matters as may promote the above objects in view; to arbitrate between parties willing to refer to and abide by the judgement of the Chamber; to receive and decide references of matters of usage and custom in dispute, recording such decisions for future guidance and assisting by this and such other means, as the committee for the time being may think fit, to form a code of practice so as to simplify and facilitate the transaction of business."

Sir Manmohandas Ramji was elected the first President, and greatly to Purshotamdas's surprise he was pressed to be the Vice-President.

"But I am only 28," he protested. "You need a more experienced man."

Sir Manmohandas would not be altered in his determination.

"You are in every way qualified for the post," he assured Purshotamdas, "and you must accept. Besides your firm, Narandas Rajaram & Co., rates very high in the trade."

In this Sir Manmohandas was supported by Girdhardas Jethabhai, secretary of the Piecegoods Merchants' Association, and widely respected for his moderation and sagacity. He too urged Purshotamdas to accept.

Thus persuaded and pressed by his elders Purshotamdas assumed the Vice-Presidentship of the Chamber, a post he was to occupy with distinction for nearly seven years while his active association with the Chamber extended for some 35 unbroken years. When the Chamber was first formed it had on its rolls about 100 members from the Piecegoods Merchants' Association and about 20 from outside. Today its membership is nearly 3,000.

The Chamber was also fortunate in possessing from the outset a devoted secretary in the late J. K. Mehta, popularly known as Jaisukhlal, who joined it on a salary of Rs. 175 a month. He was greatly attached to Purshotamdas whom he consulted frequently on the activities of the Chamber. Jaisukhlal was later inclined to join the Mysore Civil Service but on Purshotamdas's persuasion he decided against it, and was never to regret his decision. Another individual who assisted the Chamber in its early days was the then Governor, Lord Sydenham, who was moved to this less through love for the new institution than through dislike of the Bombay Chamber of Commerce which was not always inclined to listen to His Lordship's views.

In 1922 the visit to India of the Prince of Wales (now the Duke of Windsor) temporarily threatened a rift within the Chamber whose President at the time was Mr. Lalji Naranji. Lalji was a mild, amiable man but congenitally incapable of making up his mind on contentious issues. The Prince's visit was ill-advised in view of the country's political temper inflamed by the Punjab happenings and the horror of Jallianwallah Bagh.

Lalji, however, when broached by the authorities, enthu-

siastically welcomed the royal visit but when this was opposed later by Mahatma Gandhi and the Congress he was inclined to change his mind. Purshotamdas had returned from England late in September 1921 and his view was eagerly canvassed. He made no secret of his opinion.

While in London he had been asked by the Indian High Commissioner, Sir William Mayer, what his opinion was of the Prince's projected visit.

"I think it is ill conceived," he replied frankly. "The country's political temper is against it."

Mayer concurred with this view and asked Purshotamdas whether he might convey his opinion to the Secretary of State for India.

"Certainly," said Purshotamdas, "and if the Secretary of State desires to see me I shall be glad to call at the India Office."

Some three days later he received a communication from Mayer who in the meanwhile had seen the Secretary of State. That dignitary had remarked that the decision to send the Prince of Wales to India was a Cabinet decision.

"I might add," he informed Mayer, "that Purshotamdas's view is not shared by several people in India, and in London itself his fears are not shared by certain members of the royal family."

Not for the first time royalty was revealed as being far from infallible, and the Prince's visit touched off a nationwide boycott in India culminating in riots in Bombay and other centres.

From the beginning Purshotamdas had resisted efforts to give the Chamber a political complexion, and while he was not averse to all views being ventilated in debate he felt that to use the Chamber for political "window-dressing" would in the long run be detrimental to its interests. It would also not materially assist the progress of the country. The only parties who appeared to benefit were often the very ones who, after delivering a broadside against the Government in the Chamber, were not averse to accepting official patronage in one form or another.

As Indian commerce and industry improved and assumed a



more complex pattern, both Statewise and countrywise, the need for a central body representative of the various industries and trades became urgent. As far back as 1913 Sir Fazalbhoy Currimbhoy, a leading millowner of Bombay, had suggested the formation of an Indian Commercial Congress but the outbreak of the first world war temporarily delayed matters. In 1915, however, the first Congress was held in the Bombay Town Hall and was attended by several hundred delegates from all parts of India. Under the presidentship of Sir Fazalbhoy Currimbhoy it was decided to establish an associated Indian Chamber of Commerce and a draft constitution was also approved.

Unfortunately this organisation languished for lack of support and it was not until 1926 that the idea was revived. Purshotamdas, along with G. D. Birla, Shri Ram, D. P. Khaitan and Fakirji Cowasji of Karachi, was among the prime organisers of this move. At that time, during the cold weather session of the Central Legislative Assembly, Mr. G. D. Birla used to stay with Purshotamdas at 2, Mansingh Road, and the idea to start a Federation of Indian Chambers of Commerce and Industry as an indigenous counterpart to the European-dominated Associated Chambers of Commerce grew principally out of the discussions between these two men.

On December 31, 1926 a so-called Commercial Congress was held in Calcutta, its session lasting until January 2, 1927. This Congress decided upon the formation of a Federation of Indian Chambers of Commerce its primary interest being "to promote Indian business in matters of inland and foreign trade, transport, industry and manufacture, finance and all other economic subjects." Starting on a modest scale the Federation today enjoys the affiliation of nearly one hundred chambers of commerce and other associations. There are two classes of members, ordinary and associate, and the headquarters of the Federation are now situated in New Delhi. Purshotamdas, Birla, Shri Ram, Fakirji Cowasji and D. P. Khaitan subscribed to the initial expenses of the Federation each of the first four contributing Rs. 15,000 while Mr. Khaitan's contribution was in the neighbourhood of Rs. 2,500.

Purshotamdas was unable to attend the first session of the

Federation which was held in Madras late in 1927 as at that time he was undergoing a throat operation. Sir Dinshaw Petit presided over this session and later Purshotamdas was appointed President for the ensuing session. He was opposed here by Sir Ibrahim Rahimtoola who, however, was out-voted.

It was the practice then for the Viceroy to attend and address the annual general meeting of the British-dominated Associated Chambers of Commerce in Calcutta. If the Viceroy could be persuaded to address the newly-formed Federation of Indian Chambers of Commerce and Industry it would, as Purshotamdas and his friends realised, add greatly to the prestige of this organisation. Moreover it would establish it as a body worthy of notice by the Central and provincial Governments. At the time Purshotamdas had a close friend in Sir Geoffrey Corbett who was then the Secretary of the Commerce Department. Corbett agreed to recommend to the Viceroy that he should attend and address the second session of the Federation of Indian Chambers of Commerce and Industry and Lord Irwin readily agreed. It was the first and last occasion when a Viceroy graced an annual session of the Federation for his presence at this central organisation of Indian businessmen and industrialists was resented by Clive Street where murmurs of angry protest were heard.

Sir Purshotamdas himself made a memorable speech on this occasion which caused wide comment and drew the warm approval of Indian business and political circles. He pointed out that once British commercial interests realised that Indian commerce was a phase and facet of Indian nationalism they would cease to misunderstand its attitude on various important questions affecting them closely. For his own part Purshotamdas affirmed that he looked forward to the time when the distinction between Indian and British interests in the commerce and industry of the country would disappear and when both would work harmoniously to promote the economic well-being of the country. One heard, Sir Purshotamdas continued, of claims of a substantial British stake in India computed in terms of British capital invested. He, however, took leave to say that the arguments against India's national aspirations based on such claims were derogatory to the broader plane on

which Indo-British relations rested. It was not difficult to argue, he remarked, that even in terms of money Britain had recovered from India much more than the total of British capital invested in the country, and after all the stake of the Indian merchants in their own country was considerably larger than the British. Sir Purshotamdas ended by affirming that the relation between the two countries must be decided by higher considerations and on broader grounds than those of rupees, annas and pies.

The Viceroy's presence, as Purshotamdas and his friends had calculated, undoubtedly gave a fillip to the progress of the Federation and raised its stock substantially in the jaundiced eyes of the India Office. Among the tangible results that followed were that Indians for the first time were permitted entry to the jute trading rooms in London and were also allowed on the Baltic Exchange. Several Indian industrialists gained considerably from these concessions, the main beneficiaries being Birlas and Scindias.

During this period of his association with the Federation Purshotamdas had an interesting encounter with the late Lord Inchcape, the first Baron, who placed the fortunes of Mackinnon Mackenzie & Co., on a firm basis and was at that time Chairman of the organisation. Inchcape, a dour hard-headed and stubborn Scot, was anxious to arrive at some settlement with the Scindia Steam Navigation Co., in its competition with his own concern. He had accordingly requested some of the Scindia directors, including Narottam Morarji, Walchand Hirachand, Lalji Naranji and Lallubhai Samaldas to see him in Delhi.

Meeting Purshotamdas one day Inchcape inquired of him if he knew the Scindia directors.

"I know them fairly intimately," said Purshotamdas, adding that he also knew of their strong nationalist views and their capacity to see those views through.

Inchcape thereupon started on a characteristic tack.

"Could I rely upon your assistance to persuade these people to be reasonable?" he inquired.

"I don't think they will be unreasonable," countered Purshotamdas. "But I wonder whether you yourself will be

reasonable enough to permit them to occupy their legitimate place in the Indian economy."

Inchcape, a dictatorial individual who liked having his way and usually did, was taken aback by the observation.

"I will beat them down if they are stubborn," he threatened.

The negotiations between the Scindia directors and Inchcape soon got under way and Walchand and Lalji Naranji alternately met Purshotamdas at his residence to give their version of the discussions. Purshotamdas soon sensed that while Narottam Morarji was inclined to fall in with Inchcape's views Walchand was opposed to them. Lalji Naranji, congenitally incapable of making up his mind, appeared anxious to ride both horses simultaneously. Lallubhai Samaldas, whom Inchcape courted with characteristic calculation, was proving more amenable to his persuasion than the others.

Purshotamdas knew that if the Scindia Board appeared divided, as indeed it did, the shrewd Inchcape would naturally strengthen the wedge between them and drive a hard bargain. In fact Walchand and Lallubhai once sought his intervention imploring him to speak to Narottam and Lalji but Purshotamdas declined. However when Narottam and Lalji saw him separately he pointed out to both of them the danger of a rift developing within the Board.

Inchcape on his part also realised that he could not easily defeat the Board and thereupon proposed some further concessions. In fact he came to the meeting armed with a stamped paper on which the final agreement could be forthwith typed. It was so typed and signed by both the parties and the same evening Walchand and Lalji Naranji came to Purshotamdas's office to thank him.

"You have saved the position of Indian shipping," they assured him. But when it came to admitting this publicly, Purshotamdas noticed that Walchand was careful to omit all mention of the part he (Purshotamdas) had played in ensuring this settlement.

Inchcape, however, was both more canny and more frank. When he met Purshotamdas a few days after he had signed the agreement he bluntly said to him, "I knew that Narottam and his friends were constantly consulting you. But," he

went on, "I also appreciated the fact that you kept out of the meetings as you were not directly interested in Scindias."

Purshotamdas took keen interest in the fortunes of the Federation for many years and even when he withdrew from active participation his advice was always available. In the coming years the Federation was to see its ups and downs but on the whole was to keep on an even keel.

When Mahatma Gandhi attended a session of the Federation Sir Shri Ram was the President. Purshotamdas was entrusted with the duty of proposing a vote of thanks to the Mahatma but feeling that his Hindi was inadequate for the purpose he withdrew. Mr. G. D. Birla, however, stepped into the breach and proposed a vote of thanks in his usual clear and graceful style, making it good-humouredly evident that the real person entrusted with this task was Purshotamdas but as his Hindi was "somewhat primitive" he had been asked to deputise for him.

Purshotamdas's advice and support were also canvassed on certain occasions when rivalries threatened to develop for the presidentship. On one such occasion Walchand Hirachand was the disappointed candidate, Sir Shri Ram being chosen against him. Walchand, who was greatly upset by the verdict, saw Purshotamdas on various occasions and protested to him. Purshotamdas explained that Bombay could not have a monopoly of this office and that presidentship should go by turn among the various provinces.

This reply, far from mollifying Walchand, irritated him and he asked Purshotamdas whether he was not aware that those he now supported had intrigued against him at the time of the ratio controversy.

"Surely," retorted Purshotamdas, "you are being a little uncharitable. After all you should not bring this in when your own self-interest is concerned."

The election of the presidents at that time was not by voting but by discussion and agreement among the ten or fifteen bodies who then comprised the Federation's members. Later on as the number of members increased a more elaborate process of nomination and election was introduced.

Sir Purshotamdas still continues to be a member of the Old

Guard which guides the broad course of the Federation. But he makes no secret of the fact that certain recent tendencies are not greatly to his liking. He deprecates and deplores particularly the tendency on the part of some prominent members to create their own following or group in the organisation. Such a tendency, he feels, cannot but in the end make for unfair representation at the cost of capacity and independence and tend ultimately to lower the quality of the Federation's chief office-bearers.

He reacted with equal vigour to a suggestion made some years ago that the Federation should have a paid chairman whose maintenance would involve an expenditure of about Rupees two lakhs a year.

"And how is this expenditure to be met?" inquired Sir Purshotamdas.

It was quickly evident that certain party or parties were only too willing to put up the requisite funds.

"But in that case," Purshotamdas pointed out, "you will be making the Federation a pocket borough of the more affluent interests who can afford to pay the price. You will actually be encouraging people to make an investment in the Federation with the hope of quick and profitable returns."

In this attitude Sir Purshotamdas was supported by bodies and organisations not sufficiently affluent to indulge in these calculated gestures, and the proposition was given up.

His practical prescience had early enabled him to see the close link between politics and economics, and Sir Purshotamdas's distinctive contribution to the country's commercial progress is that he helped to develop the bond on clean and healthy lines. Indian trade and industry have an ancient history and from the earliest times the mercantile community has enjoyed a high place as an integral part of Indian polity. With British rule foreign trade tended to bulk larger in the economic scheme of things and to engage the attention of foreign officialdom to the detriment of the indigenous businessman. For over a generation Indian politicians and economists had felt that the fiscal and economic policies of the Government needed to be adapted more closely to Indian conditions, and high on this scroll of thinkers were Dadabhoj

Nowroji, Romesh Chunder Dutt and Ranade. These three mentors undoubtedly influenced Purshotamdas's outlook and he recalls their names with gratitude. Dadabhoy and Romesh Chunder Dutt were to originate the swadeshi movement which gained strength with the Bengal partition in 1905. Only then did Indian commerce and industry become conscious of its distinctive rights and responsibilities and set actively to further them. The lessons which Purshotamdas had learned from the writings of these three teachers he was to put into effective practice as a businessman-cum-politician.

## *The Retrenchment Committee*

ON HIS return from England in September 1921 Purshotamdas resumed his membership of the Bombay Legislative Council from which he had temporarily resigned soon after his appointment to the Acworth Committee. So long as the committee functioned in India Purshotamdas retained his place in the Council but when the time came to leave for England he felt he could not justifiably continue doing so and tendered his resignation. Sir George Lloyd, the Governor, accepted the resignation but only on one condition. The Governor intimated that he would appoint Sir Cusrow Wadia temporarily to the vacant seat but Purshotamdas on his return would be renominated, Sir Cusrow Wadia in turn resigning. This arrangement was scrupulously adhered to by all the parties.

During the next eighteen months Purshotamdas, although a member of the Bombay Legislative Council, found his attention absorbed mainly by economic problems, notably as a member of the Retrenchment Committee presided over by Lord Inchcape which was appointed late in 1922. Earlier during the same year he had organised a deputation comprising both Indian and European commercial interests which had waited on the Viceroy and urged a general retrenchment in the mounting expenditure of the Central Government. Here he found unexpected support from Sir Campbell Rhodes, a prominent British businessman who was then President of the Bengal Chamber of Commerce. Indian and British business interests, while competitive in certain fields, found that they could co-operate with each other to their mutual advantage. Purshotamdas led the delegation and the Government of India, faced by this formidable combined demand for pruning its expenditure, had no alternative but to appoint a Retrenchment Committee.



This committee, headed by Lord Inchcape and known popularly as the Inchcape Committee, was designed on the model of the Geddes Committee which overhauled the extravagant post-war expenditure of the British Government in England. Purshotamdas who had led the deputation inevitably found a place on this body whose other Indian members included Sir Rajendranath Mukherji, Sir Dadiba Dalal and Sir Maneckji Dadabhoy. Purshotamdas's painstaking thoroughness, his eye for detail and his independence of outlook had already been demonstrated on the Acworth Committee, and his appointment was widely acclaimed in India.

He found in Lord Inchcape a businessman of tremendous capacity, patience and persistence whose methods of inquiry and work enabled him to learn many useful lessons. The two men had a mutual regard for one another and while not always agreeing respected each other's independence. Purshotamdas was not as happy with his Indian colleagues although Sir Dadiba Dalal had displayed a mind of his own by submitting a minority report on the Currency Committee of 1919 which had fixed a ratio for the rupee in relation to gold at 2s. gold. Sir Dadiba while opposing this proposal had incurred the disfavour of both the British Government and of British bankers and commercial interests and Purshotamdas soon discovered that while holding sound nationalist views his colleague was reluctant to press them openly in committee. None the less he was to prove useful to Purshotamdas by conveying to him reports or hints he had gathered in various quarters.

From the outset it was clear to the members of the committee, specially to Lord Inchcape, that Purshotamdas was not prepared to be satisfied with mere information from witnesses. He wanted to gain a closer insight into the administrative machine and into the underlying policy of the Government and his examination was directed to this purpose. A clash with bureaucracy was inevitable and it came soon.

Reading the army department's memorandum prepared by the financial adviser to that department, Sir Purshotamdas came upon a reference to an old despatch of the Government to the India Office going as far back as 1845 and laying down

the manner in which different communities in the army were to be kept in separate water-tight departments in different regiments. Purshotamdas thereupon asked for a copy of that document but Sir Reginald Mant, who was the co-ordinating officer between the various departments of the Central Government and the Retrenchment Committee, declined to make it available on the ground that it was a secret document. Purshotamdas immediately pointed out that the Viceroy, Lord Reading, had publicly assured the country that there was nothing which the Government wanted to keep back from the Retrenchment Committee. He insisted that if the document could not be made available to him Sir Reginald should state his reasons in writing.

The co-ordinating officer, who was an I. C. S. official from the Punjab, was not accustomed to being treated so bluntly.

"What do you propose to do if I give you the letter?" he asked.

Purshotamdas replied that he would send the letter for publication to the press and would also consider whether his continued association with the committee was of any use.

Thereupon Sir Reginald beat a strategic retreat saying, "I will take my instructions from the Commander-in-Chief." He promised to give a definite reply on the following day.

At lunch the next day Purshotamdas inquired whether Sir Reginald was able to give him the document. The official replied that Lord Rawlinson, the Commander-in-Chief, had referred the matter to the Viceroy but he assured Purshotamdas that he would let him have a reply after the committee meeting around 5-30 in the evening. When the committee adjourned for the day Sir Reginald came up to Purshotamdas and said that the Viceroy had ordered that all military documents should be placed at Purshotamdas's disposal without further reference to him. The document was, however, in Simla and Sir Reginald explained that it would have to be brought to Delhi by a military officer.

When in due course Purshotamdas received the document he found it enclosed in a double sealed envelope and marked "very secret". He was told that he must on no condition part with the document. Purshotamdas assured Sir Reginald that

it would certainly not "leak" from him but he asked him to arrange for a proper police guard at his residence which was then in a comparatively deserted place.

"No other member has asked for this special protection," Sir Reginald pointed out.

"Has any of them asked for special documents?" retorted Purshotamdas.

The official conceded that no one had.

"That," rejoined Sir Purshotamdas, "is the explanation why I am different from the other members."

As it happened there was actually a theft at his residence when various properties belonging to his son-in-law, Ramanbhai, who was staying there with him and to his grandson, Ramesh, then an infant of two, were stolen along with a gold watch. But no Government documents were removed.

There was another incident following this when Purshotamdas wanted to have an idea of how the military barracks were distributed over India at intervals of over twenty years. Sir Dadiba Dalal also displayed interest in the matter and the two members were told by Sir Reginald that the maps could be seen at army headquarters. The co-ordinating officer, however, explained that the maps would be brought to the committee's office by two senior officers but their inspection would have to be completed on the same day as the maps were not allowed to be left outside army headquarters overnight.

Purshotamdas found his perusal of those documents highly interesting. He knew that they would give him a clue to the military arrangements for internal law and order over the previous hundred years. The maps did indeed give a very clear idea of these developments.

When the committee came to discuss the various heads under which their report had to be drafted the differences between Purshotamdas and his colleagues began to crystallise. It was obvious that he held strong views on five subjects. These related to the Ecclesiastical Department which, while not imposing an unduly heavy burden on the exchequer, seemed discriminatory in so far as the beneficiaries were mainly Christian bishops and missionaries; the India Office, a

white elephant in London supported from Indian revenues; the Meteorological Department; the armed services; and discrimination in the matter of rations given to Indian and British soldiers.

Sir Purshotamdas discussed these subjects frankly and made no secret of the fact that he would append a minute of dissent to the report pressing for heavy cuts in expenditure under these heads.

Lord Inchcape, seeing that Purshotamdas was in a minority of one (for his Indian colleagues had climbed on to the British bandwagon), was not inclined to treat Purshotamdas's warning seriously. On the other hand Lord Catto, also a member of the committee, was riled by Purshotamdas's proposals, particularly those relating to the Ecclesiastical Department and the India Office. More than once, unable to answer effectively Purshotamdas's reasoned pleading, Catto lost his temper and spoke excitedly.

He was friendly with Purshotamdas but so strained temporarily were their relations that he sent word through Dadiba that he was displeased at his colleague's attitude.

Purshotamdas was not dismayed.

"If Lord Catto feels so strongly about it," he told Dadiba, "why doesn't he suggest a contribution from the British exchequer?"

He heard no more from Catto but Inchcape's disquiet, as he noticed that Purshotamdas had records of his dissent made under various heads, grew perceptibly.

"Is Purshotamdas really drafting something at home?" the canny Scot inquired of Sir Dadiba.

Dadiba put the question frankly to Sir Purshotamdas who invited him to come over to his house where perhaps he might care to read his draft minutes of dissent.

Dadiba came and over a few cigarettes read the rough drafts.

"Why don't you show them to Lord Inchcape?" he suggested.

"I have no objection," said Purshotamdas, "if the Chairman really wants to read my preliminary drafts."

But Inchcape, to whom Dadiba conveyed this information, had decided on other methods. He was going to be tough.

"Who," he asked Dadiba one day, "are Purshotamdas's bankers in Bombay?"

The wily Inchcape knew that this would be conveyed to Purshotamdas, as it was.

Dadiba had answered by saying that so far as he knew Sir Purshotamdas's firm had current accounts with nearly every bank in Bombay.

"But who finances the firm?" persisted Inchcape.

"I've known his firm for over 40 years," said Sir Dadiba, "and I also know that it does not require to be accommodated by any bank."

"You're out of touch, Dadiba," replied Inchcape. "I hear that P.T.'s firm does a large business in Africa, Japan and on the continent. Surely it must borrow money for these transactions."

Dadiba contented himself with saying that in Bombay Purshotamdas's firm had a reputation for never trading on borrowed money.

Inchcape smiled wryly but his face was grim.

"We'll see," was all he said.

Within the next few days he set various inquiries in train instructing, among others, the Deputy Controller of Currency in Bombay to inquire confidentially from banks and brokers as to who was financing Purshotamdas's firm. These inquiries reached the ears of Sir Purshotamdas's partners who, not knowing the reason or the source, asked their principal whether he was undertaking any financial commitment in Delhi calling for such a probe.

Inchcape, on drawing a blank to his queries, decided to change his tactics. He invited Purshotamdas to lunch, telling him on the telephone that nobody else would be present but he and Lady Inchcape. Much intrigued Sir Purshotamdas accepted.

He found Inchcape in his most cordial mood.

"I am quite prepared to accept your minutes of dissent," said the Chairman, "but please don't make them too strong."

"I'll do my best to make them acceptable to you," Purshotamdas promised.

"It isn't a question of my accepting anything from you,

P.T.," replied Inchcape, "but I realise that if you insist on putting in the minutes of dissent I have no alternative but to accept them."

Purshotamdas wondered what had induced Inchcape to adopt so conciliatory an attitude. He was soon to know.

"There are two things," continued the Scot persuasively, "where I especially want your personal consideration."

One, Sir Purshotamdas discovered, was the comparatively small question of allowing various Government officials to have telephones at their residences. He had recommended as a measure of economy that these should be restricted to Executive Councillors and departmental Secretaries, a proposal that had caused much heartburning in the lower echelons of deputy and assistant secretaries whose wives had been pestering Lady Inchcape and her daughter to have the suggestion revised.

"I appeal to you," said Inchcape good-humouredly, "not to make my wife and daughter unpopular in local British circles."

The second point, he went on to explain, concerned the armed services where Purshotamdas had asked for a cut of about Rs. 20 crores. Inchcape, supported by the rest of the committee, had been prepared to yield only Rs. 8 crores.

"If you agree to drop the telephones," said Inchcape, "I'll meet you on the military expenditure and make my figure Rs. 10 crores."

"I don't like bargaining," said Purshotamdas. "My own idea has always been that Rs. 15 crores is the minimum. But I am prepared to agree to Rs. 12 crores."

"Done," exclaimed Inchcape thumping the table, "and now let's go in to lunch and tell Lady Inchcape that the telephone business has been dropped."

Purshotamdas was amused by the episode but his Indian colleagues, with the exception of Sir Dadiba, were chagrined that Inchcape had yielded on this matter to Purshotamdas.

When the committee met again Inchcape announced that the Report would be sent for final printing within two days and he also said that they were required to present the Report to the Viceroy next morning at 10 a.m. Inquiring eyebrows were

immediately raised in Sir Purshotamdas's direction. Would he be ready by then with his minutes of dissent?

"When will you send them to me?" inquired Sir Henry Howard, secretary of the committee.

Purshotamdas replied that the final copies would be ready around midnight and he would personally deliver them to the secretary. He did so at 11-45 p.m.

There was an interesting postscript to these proceedings. One of the most important and controversial minutes of dissent submitted by Sir Purshotamdas related to the discrimination in the rations given to the Indian sepoys and British soldiers. Purshotamdas's painstaking study of the military documents had led him to stumble on this disturbing fact which was unknown not only to the public but even to the rank and file of the Indian army which in the imperialist tradition of divide and rule was kept in water-tight compartments. Helped by his son-in-law, Ramanlal Saraiya, who had then returned from England after a course of study in chemistry and allied subjects, he set down to making a scientific analysis of the different diets. His researches showed that while the daily food values of British soldiers consisted of 143.2 grams those of the Indian soldiers were 97.3 grams in the case of *atta* eaters and 40.1 grams in the case of rice eaters. On the whole the Indian sepoy's ration was considerably lower both in protein content and in fat while in the case of rice eaters the diet had little of calorific or carbo-hydrate value. There was, however, a slightly higher carbo-hydrate content in the *atta* eaters' diet as against that of the British soldier.

Although the science of dietetics was then far from perfect and figures had only a restricted comparative value, they none the less revealed discrimination in the rations supplied to Indian sepoys and British soldiers. In his evidence before the committee the Director of Medical Services had admitted that the death rate among Indian troops was relatively higher than among their British counterparts and attributed it partly to the low stamina of certain classes recruited during the war. He also revealed that Indian sepoys were more liable to attacks of scurvy, a disease due to dietetic deficiency particularly in the matter of vitamins.

Quite apart from these peace-time differences the operation or war-time scale for Indian troops was also lower than that enjoyed by the British. The Indian sepoy's daily diet had a calorific value of 2,437 as compared with 3,472 calories given to British troops in India in summer and 3,448 calories given to them in winter.

The army authorities, not having studied their own documents carefully, were upset by what they termed this "leakage". Inchcape in fact asked Purshotamdas who had given him the information and was a little taken aback when informed that it was contained in the military documents supplied to the committee.

When Sir Purshotamdas submitted his minute of dissent on the subject Inchcape pleaded with him that it should not be published. Purshotamdas, however, saw no reason why it should not be released unless the authorities were prepared to end the discrimination. He was finally sent for by the Viceroy who pointed out that the publication of the minute might precipitate an extremely serious situation not only in the country but within the army.

"I fully realise the gravity of the situation," Purshotamdas told Lord Reading, "but the issue is too important to be ignored."

After some parleying the Viceroy yielded and offered to set right the disproportion in rations pleading with Purshotamdas not to insist on having his note of dissent published. Reassured by the Viceroy's promise Sir Purshotamdas agreed not to press for the publication of his minute. It later came to be known that the Government was actually contemplating a reduction in the rations given to the Indian sepoy and it was Sir Purshotamdas's note which saved the situation.

Two other matters in which Purshotamdas took a special interest related to Aden and to the liability of India for expenses incurred during the first world war.

At that time the political administration of Aden cost the Central Government Rs. 4.11 lakhs per year but technically the administration was in the hands of the Bombay Government. Aden, although containing a predominantly Indian population, was a military outpost of value to the whole



Empire and Purshotamdas insisted that the military cost incurred on Aden should not be debited to India and the United Kingdom alone but should be shared by other parts of the Empire.

On the liability of India for expenses incurred during the first world war, which were computed to be well over £ 50 million, Purshotamdas made a novel suggestion. He proposed that where there was a substantial difference of opinion between Whitehall and New Delhi the issue should be determined by a reference to the Commonwealth Prime Ministers' meeting. Representatives of His Majesty's Government and the Government of India, including some non-official members of the Indian legislature, would be required to present their views before this conference whose decision would be binding on both parties.

The Inchcape Committee's report was on the whole well received by the public and Purshotamdas's minutes of dissent as also his supplementary notes were read with deep interest and created a considerable impression. Among his supplementary notes was one on military expenditure which was published separately but was not confidential. Purshotamdas had written to the private secretary of the Viceroy that he presumed there would be no objection to the note being published and informing him that he would give it to the press for publication a week later. This would give sufficient time for the Viceroy to demur if he wished to do so, and not having heard from him Purshotamdas duly handed over the note to the press on a Friday for publication on the following Monday. On Sunday night he received an urgent telegram from the private secretary to the Viceroy suggesting that the note should not be published. It was 10 p.m. when the telegram was received but Purshotamdas felt that he should make every effort to comply with the Viceroy's request and accordingly sent urgent written requests to the morning papers to hold up publication of this item. The letters were duly handed in by 11-30 and every newspaper complied with the request. Sir Purshotamdas, however, was a little surprised on seeing in *The Times of India* an exhaustive leading article on his note although the note itself did not appear in the news

columns. Evidently this was a matter of internal office mechanics and no breach of faith, and the slight *contretemps* was overlooked both by Viceroy's House and Purshotamdas.

The Inchcape Committee's report once again revealed Purshotamdas as an able and conscientious public servant who could not be easily deterred from speaking his mind. Both on the Acworth Committee and the Inchcape Committee he had shown not only courage and capacity in defending national interests but a clear and precise understanding of unusually complicated issues. Within the next five years he was further to enhance his reputation by his courageous performance on the Hilton Young Finance Commission, and through the years both before and after this he demonstrated and was to demonstrate his outstanding calibre on many committees and public bodies.

High among the latter was the Bombay Port Trust with which Sir Purshotamdas was associated for a continuous period of 27 years from 1914. He represented the Indian Merchants' Chamber on this body. Over nearly three decades only two of the elections to the Port Trust were contested, his opponents being Mr. Bhavanji Arjan Khimji and Sir Chunilal Bhaichand Mehta but Sir Purshotamdas triumphed on both occasions.

In the early years of his association with the Port Trust this body was dominated by Europeans there being only four Indian members out of a total of fourteen. The Chairman who was a European official was normally regarded as the final authority and his recommendations were almost automatically accepted. With Purshotamdas's entry the era of bureaucratic autocracy was ended.

In breaking new ground he had to face many of the rebuffs and discouragements of the pioneer, some of his Indian colleagues regarding him as too revolutionary an innovator. Purshotamdas made a somewhat turbulent debut for the first issue he raised was the annual renewal of the Port Trust's coal contracts. Studying the matter he discovered that by a certain long-established traditional usage the contracts invariably went to a foreign firm in Calcutta without any other tenders being invited. The tentacles of Calcutta's Euro-

pean businessmen spread far and wide throughout the country and Purshotamdas was determined to put an end to the practice. Although he met with considerable opposition he succeeded in persuading his colleagues that the practice of inviting tenders was not only equitable but would be economic. As a result of this procedure the Port Trust was annually able to save some Rs. 20 lakhs.

His colleagues might have resented his persistence but nobody could deny the industry, efficiency and zeal which he brought to bear on the problems of the Port Trust. Here as elsewhere he worked to a plan, examining carefully every item of income and expenditure, probing practices and procedures and protesting strongly at any unconstitutional practice. Such vigilance brought its reward compelling his colleagues, more especially the Chairman, to be wide awake.

In those days he felt that the scales were weighted too heavily against the labourers in the docks and he was a vigorous champion of their interests whenever he was convinced that their demands or grievances were just. When, for instance, the Prince of Wales (later King George V) came to inaugurate the Alexandra Docks, it was originally proposed that a banquet should be held but the prohibitive cost of this deterred even its most ardent champions and instead it was decided that the Port Trust should distribute sweets to the labourers and their children to commemorate the occasion. This gesture was appreciated by the Port workers and averted a situation which threatened to develop into an unpleasant incident. It happened that in the regular order of the queue of vessels awaiting a berth for unloading, a coal ship was the first. But the superstitious labourers said that they would start work by unloading only rice from the vessels which were behind. Sir Purshotamdas's diplomacy by mollifying them saved the situation.

Another issue found Sir Purshotamdas again championing their cause. Examining the Welfare Fund with his usual attention to detail he discovered that while a considerable portion of the revenue was drawn from the lower-paid workers, a large proportion was disbursed for the benefit of the higher paid employees. Purshotamdas also felt that in the

matter of providing amenities the order of priorities was not always just. Thus much money was expended on institutes, sports clubs and playgrounds while little attention was paid to medical relief or social welfare. Largely at his insistence the Committee in 1927 decided to defer consideration of schemes for a playground and proceed with the erection of an infant welfare centre at the Wadi Bunder chawls.

He was engaged in many verbal tussles on this issue, notably with the then Chairman, Mr. W. H. Neilson. Mr. Neilson, while expressing himself in sympathy with Sir Purshotamdas's view on the need for providing much-needed amenities for the Port Trust workers, pressed for the establishment of a sports club which he believed was a long-felt want so far as the better-paid employees were concerned. Several Port Trust schools, he pointed out, had been opened for the children of labourers and workmen and he was considering the possibility of laying out a suitable plot of land in the vicinity of the docks as a recreation ground for them. Sir Purshotamdas countered this by insisting that in providing social amenities for their employees the Trustees should cater largely for the benefit of those classes from whom the bulk of the funds had been derived. Otherwise they would lay themselves open to a charge of negligence and discrimination. He suggested that inquiries should be instituted to discover the most suitable way of providing amenities for the Port Trust labourers and workers and proposed that a portion of the budget grant should be reserved for this purpose. As a result of Sir Purshotamdas's efforts the scheme for building tennis courts at Ballard Pier was deferred and amenities to the workers were extended.

## *In Central Politics*

PURSHOTAMDAS'S industry and independence on the Inchcape Committee enhanced his public prestige not only in the eyes of the Government but of the people already impressed by his record on the Acworth Committee and his work in many forums including the Bombay Legislative Assembly and Council, the cotton industry and the Port Trust. The selfless services he rendered earlier during the two great famines of 1911 and 1919 were also gratefully remembered. Purshotamdas's work reflected his personality. There was nothing flashy or spectacular about it but it was a record of quite solid achievement whose results were tangible and whose benefits reached out over many and variegated spheres.

The year 1923 carried Purshotamdas two rungs further up the ladder of public life for in that year he was knighted by the King and was nominated to the Council of State by the then Viceroy, Lord Reading. This was not the first official accolade he received for in 1919 his knighthood had been preceded by the bestowal of a C. I. E. and earlier he had been awarded Membership of the British Empire. In Bombay the knighthood was celebrated by a huge reception organised by Sir Fazalbhoy Currimbhoy, President of the Indian Merchants' Chamber where businessmen, officials and politicians congregated to congratulate him. Sir Purshotamdas had served his city and province well and he was now to embark on larger nation-wide activities.

Life in New Delhi and Simla, where the Council of State met during the summer, was vastly different from that in Bombay, with the hurly-burly of its civic, political and economic life, for at Simla the daily round of activities proceeded at a leisurely pace. As the Upper House of the Central Legislature, the Council of State operated in a rather

rarefied atmosphere, 27 members being nominated in a house of 60. The elected members, returned on an income and property qualification, belonged to a strata inclined to be more conservative than most.

Presiding over the Council's deliberations was a genial member of the Indian Civil Service, Sir Alexander Muddiman, who was later to be Home Member on the Viceroy's Executive Council and a provincial Governor. Gifted with many social virtues Sir Alexander, as Purshotamdas discovered, was also scrupulously fair and correct in his conduct of the legislative proceedings. The House contained some eminent public figures, official and non-official, including Sir Mohammed Shafi, Sir Phiroze Sethna, Sardar Jogendra Singh and Sir Maneckji Dadabhoy but it also contained some colourful characters, the most lively among these being the late Sir Behram Khan of Baluchistan who openly advertised the fact that whatever Sir Alexander decreed he accepted. Because of this he enjoyed the nickname of "Muddiman's copper plate".

Purshotamdas's term in the Council, which had lasted barely a year when he was elected to the Central Legislative Assembly, was placid and for the most part uneventful. But it added to his legislative experience and enriched his contacts with politicians, businessmen and officials. Even here, in the slightly unreal atmosphere of an Upper House, he was careful not to speak on issues unless he had thoroughly mastered and understood them. His business reputation combined with his well-known work in organising famine relief as also his contribution as a member of the Bombay provincial legislature opened many doors to him in Delhi, and he found life at the capital interesting if not exactly overwhelming.

Muddiman, aware of Sir Purshotamdas's varied experience, treated him with high regard and never failed to call upon him to speak whenever he sought to catch the President's eye. He sometimes went further. One incident, quite early in Purshotamdas's Council career, illustrates Muddiman's scrupulous fair-mindedness. For some time, certain restrictions on Indian settlers in Kenya had been agitating the public mind both in Delhi and Nairobi. Sir Purshotamdas, who was prominently

associated with the Indian Overseas Association, had a special interest in this controversy. Two days before the Council was to adjourn, details of the restrictions reached India and Purshotamdas forthwith gave notice of a motion of adjournment on the subject. The Member in charge of Emigration, Sir Narasimha Sharma, while privately sympathetic declined to accept the notice and informed Purshotamdas that he would oppose it in the House. He was presumably acting under orders from the India Office which did not at the moment relish any open opposition in India.

Since the Council rules required that fifteen members should stand up if the Government opposed a motion, it became necessary for Purshotamdas to canvass the requisite number before the subject could even be taken up for discussion. In a House over-loaded with nominated members and Government supporters, he found this impracticable to do. Sir Mohammed Shafi was at that time the leader of the House but even he, on being approached by Purshotamdas, was as adamant as Sir Narasimha Sharma. On reflection Purshotamdas decided that rather than let the motion fall for want of the requisite numerical support he would keep out of the chamber for the first few minutes so that the motion might automatically lapse in the absence of the sponsor.

Muddiman, however, had shrewdly divined that something was afoot. He therefore asked his secretary to make sure that Purshotamdas was in the House before he, the President, entered. Purshotamdas explained to the secretary that he had not the requisite number of fifteen to stand up in support of his motion and in view of Sir Narasimha Sharma's opposition he had felt that the wisest course was to keep out of the House.

On hearing this Muddiman sent for Sir Mohammed Shafi and bluntly demanded that the Government should at least allow the motion to be sponsored.

"It is unfair to throw it out at the introduction stage," said Sir Alexander. "If necessary I myself, as a nominated member, shall stand up in my seat to make up the requisite number."

Faced with this quandary which might have placed the Government in a highly invidious situation, Sir Mohammed

Shafi had no other choice but to request the official nominees such as Sir Behram Khan and Sir Umar Hyat Khan to stand up in their seats when the motion was called. Thereupon Purshotamdas took his seat in the Council, the proceedings being delayed for a few minutes. Purshotamdas then moved his motion of adjournment which was admitted by the President, Sir Alexander himself standing up in his seat, a procedure which hitherto had no precedent. The adjournment motion after discussion was eventually talked out but when the Council adjourned Sir Alexander invited Purshotamdas to see him.

"You have my personal support whenever the Government is unreasonable," he assured him. "It was unreasonable of them to fight shy of even the mere introduction of an adjournment motion."

Not long after, in 1924, Sir Purshotamdas was elected to the Central Legislative Assembly by the Indian Merchants' Chamber as a representative of Indian commerce. Here was a world different from the placid tenor of life in the Council of State. The Legislative Assembly counted some outstanding political stalwarts including Pandit Motilal Nehru, Lala Lajpatrai, Madan Mohan Malaviya, Srinivasa Iyengar, Vithalbhai Patel, Satyamurthi, Sir P. S. Sivaswamy Iyer and Mr. Jinnah. Equally formidable was the array on the Government benches whose members included Sir Malcolm Hailey (later Lord Hailey), Sir Basil Blackett, Sir Charles Innes and Sir Bhupendranath Mitra.

The Swarajist party, contrary to Gandhiji's advice and led by the imperious and masterful Motilal Nehru, spearheaded the Opposition which also included among its supporters Jinnah's Independent group. Purshotamdas, although representing the Indian Merchants' Chamber, had received no specific directives from them, the Chamber being prepared to trust him to vote as his judgement and conscience dictated. Never once did they question his vote.

But Jinnah, mistaking Sir Purshotamdas's mildness for meekness, tried to browbeat him.

"Why don't you become a member of our group and vote with us?" demanded the future Qaid-i-Azam.



Purshotamdas politely but firmly explained that he preferred to rely on his own discretion.

This made Jinnah cross.

"What if I start a Muslim party of my own?" he threatened.

Sir Purshotamdas's patience, already strained, was exhausted.

"Don't be silly," he told Jinnah shortly. "And don't try to threaten me."

Jinnah glowered but was momentarily subdued.

"For that matter," continued Purshotamdas, "even if I were coaxed I would not join the Congress."

"But the Chamber might ask you to do it," Jinnah persisted.

"I know the Chamber better than you do," said Purshotamdas, "and I know that they would never ask me to do such a thing."

On another occasion Jinnah attempted to get Sir Purshotamdas to attach his signature to a representation to the Home Member.

Purshotamdas refused and annoyed by Jinnah's persistence finally said to him: "My signature is not a trifling matter. You cannot expect me to sign on the dotted line."

With Motilal Purshotamdas's relations were more cordial. Like Jinnah, Motilal was an autocrat but a natural, not a mannered, autocrat. He gave orders but never took any. Observing him closely Purshotamdas noticed that while Motilal was temperamentally incapable of working hard on any one subject he had an amazing flair for grasping the essentials of a problem, probing them with a surgeon's knife, and building up or destroying a case with his magnificent oratory. He was a superbly handsome and a superbly confident man. He had the manners of a courtier and the airs of a king.

Purshotamdas also noticed a favourite tactic of Motilal. This was cleverly but imperceptibly to work up heat on a controversial issue and then create an impression of sweet reasonableness by pouring oil on the troubled waters. More often than not, this tactic paid.

Purshotamdas admired and respected Motilal for his patriotism and ardent spirit. He did not see eye to eye with him

on all political matters, and being himself frugal he thought Motilal's habits of life too lavish. As always, Motilal was inclined to burn the candle at both ends and sometimes a bit in the middle. Socially the Swarajist leader was on the best of terms with most of the British officials particularly with Sir Alexander Muddiman.

The apple of Motilal's eye was his son Jawaharlal whose political views had greatly influenced those of his father. On the question of Council entry, however, father and son did not see eye to eye.

"Why must you go to the edifices of bureaucracy?" Jawaharlal often asked his father.

But Motilal then felt that the country's interests were best served by working in the legislatures.

Another politician of quite a different genre who attracted Sir Purshotamdas's attention and regard was the veteran Sir P. S. Sivaswamy Iyer who specialised on military topics but who in his habits was an orthodox Brahmin of the old school. He lived a life of great simplicity, and several common tastes drew the two men close. On various political issues they agreed to disagree.

The highlight of Purshotamdas's career in the Legislative Assembly was the great battle over the rupee ratio in which Purshotamdas played a leading and vigorous role. He tried to induce the veteran Sivaswamy Iyer to support him but the old man was adamant. Purshotamdas's proposal to peg the rupee at 1s. 4d. instead of 1s. 6d. was unacceptable to Sivaswamy for a curiously personal reason.

"So long as it means that I have to pay more for my imported cloth I won't support it," he insisted.

"But isn't that reason more personal than political?" Purshotamdas argued.

Sivaswamy Iyer's rejoinder was that it was economic. And there the matter rested. But their differences on this issue did not prevent the cordial continuation of their close association.

The Speaker of the House was the bearded truculent Vithalbhai Patel, brother of Vallabhbhai Patel, who in his tenure of office was to have some fierce brushes with the

Government from the Viceroy downwards. In his election to the Chair, Vithalbhair had been opposed by an official nominee, Dewan Bahadur Rangachariar, whom he had beaten by the narrow margin of one vote. Since Purshotamdas, although owing allegiance to no group or party, had voted for Vithalbhair the latter entertained towards him a special feeling of obligation.

Vithalbhair, however, quite apart from his truculence, was a quite incalculable man given to somewhat devious methods for achieving his ends. He liked to indulge in petty harassments of officials, even of those who were kindly disposed towards him, and this lack of consideration and calculated discourtesy annoyed Purshotamdas.

On one occasion, while the Assembly was in session at Simla, the only daughter of the then Army Secretary was to be married, and members of the legislature had received invitations to the wedding. The Army Secretary who had always treated Vithalbhair with courtesy and consideration had unofficially requested that the Assembly might be adjourned an hour earlier to enable the Speaker and members to attend.

Vithalbhair had replied non-committally that he would, see what he could do. But when the time arrived he took an almost sadistic pleasure not merely in not adjourning the session earlier but in prolonging it half an hour beyond the usual time.

He extended this calculated discourtesy to the Viceroy prolonging a morning session until a quarter past one although he knew very well that all the members had been invited to luncheon at Viceroy's House that day.

While such behaviour might technically, have been within the rules it struck Purshotamdas as being unduly churlish and petty.

He himself was once the unconscious victim of Vithalbhair's wrath. On the occasion of Holi, members were wont good-humouredly to douse one another with coloured water or paint, and this was done one year, Vithalbhair participating in the merriment and fun and in fact leading it. Among his "victims" was the immaculately dressed Sir Mohamed Habibullah who also invariably wore a gold filigree turban.

In the evening certain members of the Assembly, including Purshotamdas, went to Vithalbhai's residence hoping to find him in and douse him with colour. He was out but returned soon after resplendent in his white khadi attire. Whereupon his guests duly doused him.

Vithalbhai was not amused. He was infuriated and roundly rebuked his guests for treating him in that way unmindful of his own behaviour in the morning.

His anger was especially concentrated on Purshotamdas and demonstrated itself in a curious way. It was the normal practice to call upon Purshotamdas, as the non-official representative of Indian commerce, to make the first speech in reply to the budget proposals but when the time came soon after Vithalbhai studiously refrained from doing so. Indeed he continued to ignore Sir Purshotamdas for several days until at last the story got around the House, and when Vithalbhai finally and reluctantly was compelled by a process of elimination to call on Purshotamdas to speak, the House dissolved into laughter. It was the one and only occasion when the House laughed at and not with the President.

Much of Purshotamdas's success as a legislator stemmed from the fact that he not only studied his brief carefully and spoke on issues whose every detail he had mastered, but he was also active both in and outside the legislature. Knowing his facts and figures he was able to carry conviction not only in the lobby and in the House but in the secretariat. Within the legislature while initiating proposals he was careful not to leave them half-way but follow them up to their logical end.

This persistence is strikingly illustrated in his campaign for the removal of the excise duty on cloth. India, particularly Bombay, witnessed the first impact of the post-war economic blizzard around 1924-25 when unemployment was rife and labour restiveness was on the increase. Owing to the burden of the excise imposts as also of cut-throat competition, Bombay's cotton textile industry was in a particularly bad way. A catastrophic strike threatened to wipe out the industry following the millowners' decision to prune down wage levels.

As the representative of Indian commerce in the Legislative

Assembly Sir Purshotamdas was quick to act. Outside the legislature the agitation for the removal of the excise duty had gathered strength and Sir Purshotamdas sponsored a resolution in the Assembly urging this step. But the Government was adamant and insisted that such suspension would have to await a budgetary surplus. On the other hand, Bombay's textile labour threatened that unless the wage cuts were restored the strike would be indefinitely prolonged.

In Delhi itself a whispering campaign against the industry got under way, and here again Purshotamdas had to use his knowledge and persuasion to convert official circles to a more friendly attitude towards the millowners. Material relief, however, was still denied, and Bombay's harassed millowners approached Sir Purshotamdas in Simla to carry the battle to Bombay.

Sir Leslie Wilson, the then Governor of Bombay, was keenly alive to the gravity of the situation and sympathetic to the industry's pleas. He had for some time, in a series of confidential appeals, been urging the Viceroy and the Secretary of State for India to arrive at a quick decision favourable to the industry. While the Legislative Assembly as a body had approved of Purshotamdas's resolution the Government continued to be adamant. Here Wilson agreed with Purshotamdas that Bombay had a right to the Government of India's special sympathy particularly in view of the popular legislative verdict. In a letter to Sir Purshotamdas affirming his agreement with him on this issue, the Governor wrote: "There are other facts also which Bombay may make for the Government of India's practical sympathy such as the partial failure of the monsoon and the agricultural situation created in Sind by the sudden fall in the level of the Indus." Sir Leslie also agreed that there was not a shred of evidence to support the quite unjustified suspicion in Delhi that the millowners had had a hand in generating the labour strike.

But the Governor appeared to be somewhat sceptical on the outcome of his representations for in another letter to Sir Purshotamdas he wrote: "I have pointed out in the strongest possible language the grave difficulties with which my Government and I are confronted at the present time, and

have urged that effect should be given to your resolution. But I cannot say that I am hopeful, from information which I have received, that there is a possibility of this being done in the immediate future. . . . I presume it is a fact that suspension really means abolition, and any decision arrived at now by the Government of India would mean coming to a conclusion on the removal of the excise duty for all time."

From his knowledge of the official set-up in Delhi Purshotamdas knew that the Finance Minister, Sir Basil Blackett, was obdurate on the issue of suspending the excise duty and that the Viceroy was unwilling to overrule him. Purshotamdas had placed his views forcefully before the Finance Minister and had also had an interview with the Viceroy who heard him patiently. Barring the technical objection against suspension in the middle of the year, Lord Reading had no other argument to urge against it. During this anxious period Purshotamdas was in frequent communication with Sir Leslie Wilson, and their correspondence reveals the common understanding between the two men and the persistence of their joint efforts.

In a letter to the Governor written shortly after his interviews with Blackett and the Viceroy, Purshotamdas said: "I feel that the attitude of the Government of India is particularly unfair to Your Excellency and to your Government as it exposes you to great anxiety, and, to my mind, apprehension of trouble in Bombay by the mill hands as soon as their means are exhausted. In the Parel area shopkeepers have begun to feel nervous and I should not be surprised if they suffered at the hands of the unemployed before long. My anxiety, therefore, is that the obstinacy of the Government of India is regrettable and must be understood by Your Excellency and the public of Bombay in its correct perspective."

He followed this up shortly after with another missive on even firmer lines. "I must confess I am rather puzzled," he wrote. "I cannot believe the Viceroy and Sir Basil upsetting Bombay to the extent of unemployment of 150,000 hands on a technical point, namely, no financial change during a year even though with a surplus. I suspect the India Office may

still be the wire-pullers and Sir Basil is the loyal officer to take the blame on himself as far as the public of India is concerned. I have no tangible reason for this suspicion so far, but I am driven to it as a last resort for this most exceptional treatment of Bombay.

"The decision of the Viceroy till now makes one feel somewhat nervous regarding the attitude of Delhi regarding Bombay and I give this aspect graver importance than the notorious Meston settlement question. If a major province like Bombay is treated with such scant courtesy or contempt, may I say, it raises a definitely grave issue. Calcutta is undoubtedly Delhi's pet or preferably spoilt child. I am aware that the strength of the European commercial interests there is the main cause of this, but Bombay has now been treated with clear indifference, if not callousness, and this aspect of the question must have struck Your Excellency."

About this time, as agitation for the removal of the excise duty gained momentum, the Commerce Minister, Sir Charles Innes, visited Bombay. He met Purshotamdas at a luncheon.

"When do you think the strike will be over?" Sir Charles enquired of Sir Purshotamdas.

"In my judgement," said the latter, "the strike cannot end without a grave disturbance by the workmen and might even result in bloodshed. The workers are in no way reconciled to the lower wages we are compelled to give."

Purshotamdas duly conveyed this conversation to the Governor of Bombay who wrote in reply: "I was very glad that you impressed upon him (Sir Charles) the gravity of the situation and the difficulty in which the Bombay Government is placed." Sir Leslie expressed the hope that their combined efforts would yield fruit.

Purshotamdas's pleas, reinforced by Sir Leslie Wilson's appeals that something should be done quickly, were at last beginning to register at Delhi and at the next meeting of the Viceroy's Council, Sir Charles Innes presented a full and frank picture of Bombay's plight and the potential threat to industrial peace posed by the strike.

The Government of India could no longer ignore the gravity of the situation which faced them and in December New

Delhi decided to suspend and later to abolish the controversial impost.

It was a notable victory of public opinion over official obduracy although the Governor of Bombay had also helped to achieve it by reinforcing Sir Purshotamdas's campaign. Many were the messages of congratulation which poured in on Sir Purshotamdas from trade bodies and businessmen throughout India. To the President of the Ahmedabad Millowners' Association who sent his organisation's grateful thanks Sir Purshotamdas replied: "I think that it is good of your Association to have thought of expressing their thanks to me in this connection. I have no doubt that you appreciate the good results of these well-organised attacks on this duty in the Assembly during the space of one year, and I need hardly add that I rejoice with your Association and with the whole of India at this success of constitutional agitation against the continuation of an obnoxious handicap on the indigenous industry."

The great moral and lesson of this victory, as Sir Purshotamdas realised, lay in the fact that it was a constitutional battle, constitutionally waged and won.



## *The Currency Battle*

NOWHERE did Sir Purshotamdas wage a doughtier fight than on the currency front where virtually single-handed he fought against a formidable combination of British interests, political and economic, entrenched behind a powerful barrage of bureaucrats and businessmen. It was a battle which highlighted his many gifts of character and intellect, bringing into bold relief his courage and fearlessness, the untiring industry and perseverance with which he pursued an objective, his keen analytical mind, his habit of probing deep into a problem and the dogged tenacity which enabled him to persist against overwhelming odds.

The problems of currency and exchange had long interested him, and he had studied closely the permutations and combinations of the Government of India's exchange policy. To appreciate the pre-eminent role Sir Purshotamdas played in the ratio battle it is necessary to understand the wide and complicated background from which it emerged.

Prior to 1893 the Indian currency system was a mono-metallic system, with silver as the standard of value, the circulation of silver rupees and notes being based on it. The opening of silver mines in the U. S. A. depreciated the value of this metal and the result was that the gold value of the rupee, which was nominally two shillings, fell continuously until it reached the neighbourhood of a shilling, these disturbances being prejudicial both to trade and to the finances of the Government. In 1893 a Committee presided over by Lord Herschell decided to close the mints to the unrestricted coinage of silver. The Government ceased to add rupees to the circulation and this had the result of enhancing the exchange value of the rupee which in 1898 approached the figure of 1s. 4d.

The Herschell Committee was followed by the Fowler

Committee (called after its Chairman, Sir Henry Fowler) and this committee proposed that the exchange value of the rupee should be fixed at 1s. 4d. or fifteen rupees to the sovereign. Accordingly the official rate of exchange was fixed at 1s. 4d.

The first world war of 1914-18 put India's currency system under severe stresses and strains. Silver prices rose to unprecedented heights. In 1915 the price of silver was 27½d. per standard ounce but by May 1919 it was 58d. and in December of the same year it was 78d. The silver content of the rupee thus came about to be worth more than its face value so that it paid to melt rupees and sell them as silver. The authorities therefore found it difficult to continue to supply an unlimited quantity of rupees in silver coins. Owing to a keen demand for Indian exports, India came to accumulate an immense favourable balance of trade. Moreover there were exceptional disbursements to be made on behalf of the British Government. Internal currency had to be provided in some way but it was no longer possible to provide it on the old terms.

Confronted with these difficulties the authorities allowed the rupee, so long anchored at 1s. 4d., to break loose from its moorings and follow the course of silver prices. As a result the rate of exchange rose rapidly until in December 1919 it had reached 2s. 4d.

In May 1919 a committee headed by Mr. Babington-Smith was appointed to examine among other things the effect of the war on the Indian exchange and currency system and practice but its terms of reference prevented it from considering alternative standards of currency. The publication of the committee's report in February 1920 coincided with a keen demand for remittances to London, and steps were immediately taken to maintain the new exchange rate of 2s. gold which the committee had recommended. Attempts to hold the rate at 2s. gold were not successful and thereupon the Government tried with effect from the weekly sale of June 24, 1920 to maintain it at 2s. sterling. This, however, also failed and was abandoned on September 28 of the same year. Wide fluctuations followed with the rate falling to 1s. 3d. sterling and 1s. gold early in 1921 but by January 1923 the tide had again

turned, the exchange recovering to 1s. 4d. sterling. Thereafter it took an upward trend reaching the level of 1s. 6d. sterling in October 1924 when it was equivalent to about 1s. 4d. gold. From that period until March 1926 the upward trend was continued but the Government, by making free purchases of sterling, pegged the rupee at 1s. 6d. About the middle of 1925 sterling was restored to parity with gold.

Sir Purshotamdas had been a keen student of currency and exchange, and held definite views on this subject. The 1s. 6d. exchange was not statutory but was achieved by executive action by the Currency Department of the Government of India. In 1925 he gave notice in the Central Assembly that the exchange should be fixed at 1s. 4d. An amending bill was required for this purpose which Sir Purshotamdas drafted. This in turn required the assent of the Viceroy before it could be introduced in the Assembly. There was some delay in placing it on the agenda and meanwhile Sir Basil Blackett, the Finance Member, got Lord Reading to agree to a detailed scrutiny of the ratio problem.

It was in this context that Whitehall decided to appoint a Royal Commission on Indian Finance, Currency and Practice, the announcement being made on August 25, 1925. The Commission was required "to examine and report on the Indian exchange and currency system and practice and to consider whether any modifications are desirable in the interests of India."

The Commission was headed by Commander Hilton Young whose British colleagues included Sir Henry Strakosch as the chief gold expert, Sir Norcot Warren, Managing Governor of the Imperial Bank, Sir Reginald Mant, Sir Alexander Murray and Mr. William Preston. The four Indian members were Sir Purshotamdas Thakurdas, Sir Rajendranath Mukherji, Sir Maneckji Dadabhoy and Mr. J. C. Coyajee, then professor of political economy and philosophy in the Presidency College of Calcutta. At that time it was widely reported that Sir Basil Blackett had objected to the inclusion of Sir Purshotamdas on the Commission on the ground that he held very definite views on the exchange ratio. But Lord Reading had overruled the objection, maintaining that there should be at

least one member from the Indian school of thought which pressed for a ratio of 1s. 4d. Besides these members, there were two secretaries attached to the Commission — Mr. G. H. Baxter from the India Office and Mr. A. A. B. Iengar from the Finance Department of the Government of India. Mr. Iengar later fell ill and his place was taken by a colleague, Mr. Aravamuda Iyengar.

The British members of the Commission arrived in India in November 1925 and the Commission soon got to work taking evidence in Delhi, Bombay and Calcutta. Opinion was fairly evenly divided, the European witnesses giving evidence in favour of 1s. 6d. gold and their Indian counterparts favouring a rate of 1s. 4d. gold. As was his practice, Sir Purshotamdas put many searching questions to the witnesses, some of whom were embarrassed by his knowledgeable queries. An Indian witness who tendered exceptionally sound evidence in favour of the 1s. 4d. rate was Mr. B. F. Madon.

In February 1926 the Commission sailed for England and resumed its hearings in London. Another five months were to elapse before it submitted its report and in this period Purshotamdas was to carry a heavy load, working as he did before on the Inchcape Committee as a minority of one. The task of collecting and collating evidence was both prolonged and laborious, and from quite early in the proceedings it was evident that he could expect no support from his Indian colleagues who if anything were anxious to identify themselves ardently with the then prevailing British point of view.

Purshotamdas, paradoxically enough, was a strong admirer of the British character, a judgement he had formed after close association with and observation of them.

"I am for the British connection," he once told a friend, "because no other set of people endowed with power have the same substratum of fair play. To deal with them is therefore no losing game."

Although this judgement was to be somewhat shaken by the devious expedients resorted to by some of his British colleagues it was reinforced by the behaviour and attitude of his English secretary, Miss Wilson, who was studying in the London School of Economics. Her devotion to duty and her

sense of equity and fair play deeply impressed Sir Purshotamdas. With his wife he was then staying at the Cecil Hotel, a notable caravanserai which has now vanished from the London landscape.

During the period of the Commission's stay in the metropolis London was afflicted by a labour strike which paralysed transport. No bus, taxi or train was available and that day three Indian lawyers who happened to know Sir Purshotamdas dropped into his apartment to announce that they were stranded and must perforce throw themselves on his hospitality. Sir Purshotamdas, who by then had reconciled himself to doing without his secretary's services for the day, was pleasantly surprised when Miss Wilson arrived at the hotel and in her usual cheerful frame of mind.

"How did you get here?" Sir Purshotamdas enquired.

"I borrowed a bicycle from a friend and cycled from Wimbledon," explained Miss Wilson placidly.

The distance between these two points was over ten miles.

Sir Purshotamdas was greatly struck by his English secretary's sense of duty and he offered to compensate her monetarily for the trouble and discomfort she had undergone. But Miss Wilson would have none of it.

"It's all part of the game," she remarked and continued to cycle from Wimbledon to the Cecil Hotel for another five days.

Among the earliest witnesses before the Commission was the economist, Dr. T. Gregory, who with Harold Laski was a favourite of Indian students at the London School of Economics. Some of them had spoken highly of Gregory to Sir Purshotamdas and he awaited his evidence with interest. He was, however, to be disagreeably surprised.

Gregory first put in a written statement favouring the rate of 1s. 4d. But later he modified this view somewhat and personally gave evidence favouring the rate of 1s. 6d.

"An unreliable economic thinker," was Purshotamdas's verdict.

Another witness, more flamboyant and spectacular, was the then Governor of the Bank of England, Mr. Montagu Norman, an immaculately clad gentleman sporting a French beard. Montagu Norman gave evidence expressing himself in favour

of the 1s. 6d. ratio in dogmatic and didactic terms.

He was among several witnesses whom Sir Purshotamdas cross-examined and the Governor of the Bank, although the embodiment of elaborate courtesy and correctness, was riled.

Among the more notable witnesses before the Commission was a delegation deputed by the Federal Reserve Bank of the United States under the leadership of its Governor, Mr. Benjamin Strong. He was accompanied by five other financial experts. Sir Purshotamdas invited his colleagues on the Commission along with the American delegation to lunch at the Cecil. Earlier that morning Sir Purshotamdas had occasion to ask the Governor a few questions. After luncheon and the departure of his other guests Sir Purshotamdas invited the Federal Bank Governor to a frank exchange of views to which Mr. Strong readily acceded. So interested was the Governor that the two men were closeted in the sitting room from after lunch till about 6-30 when the American, who was expected at the U.S. Embassy for dinner, rang up the Embassy asking to be excused and saying that he would drop in after dinner. Mr. Strong remained with Sir Purshotamdas until nearly 8-30 and when he continued his evidence on the following day it was noticeable that he had perceptibly modified his earlier views. It was obvious to the other members of the Commission that Sir Purshotamdas had succeeded in substantially altering Mr. Strong's attitude.

Sir Purshotamdas was well known as a staunch advocate of the 1s. 4d. ratio and throughout his association with the Commission he pressed forward his point of view either directly with his colleagues or indirectly in the examination of witnesses. He was well aware of the axiom laid down by the Babington-Smith Committee of 1919 which had formulated the principle that while a fixed rate of exchange exercises little influence on the course of trade, a rising exchange impedes exports and stimulates imports while a falling exchange has a reverse influence. Here, as he realised, was the key to the failure of the Government of India's currency policy. Sir Purshotamdas recalled that in September 1924 the rate was approximately 1s. 4d. gold. At the time the Government was pressed to stabilise the ratio at that level and thereby legally

to restore the long current recognised standard of money demands. The Government of India declined to do this and by limiting the supply of currency raised the ratio artificially to 1s. 6d. by April 1925. Sir Purshotamdas was reluctant to attach any importance to a ratio reached by such measures. He did not agree with his colleagues that prices had adjusted themselves in a preponderant degree to 1s 6d., and later in his minute of dissent he was to elaborate this view and buttress it with closely reasoned arguments.

When it became obvious that Sir Purshotamdas was determined to sign a minute of dissent, various expedients were adopted to convert or coerce him. Two incidents are of special interest.

Sir Purshotamdas had put on record that he would submit his minute of dissent on the question of the exchange ratio. Feelers were immediately set in operation to dissuade him from his "rebellious effort". Among others Mr. Baxter, one of the secretaries, informed him that a minute of dissent by only one member out of ten could not be recognised and that his efforts would therefore be in vain.

"Why should that be?" asked Sir Purshotamdas.

Mr. Baxter thereupon claimed that there was a report of a sub-committee appointed by Parliament which had recommended that unless at least one-third of the members of the committee were of a certain opinion, no dissent could be admitted.

"Can I have a copy of the committee's report?" asked Sir Purshotamdas.

To his surprise he was given a printed copy. This puzzled him and for some time he laboured under a sense of deep frustration but he remembered that Lala Lajpatrai, the veteran Congress leader, was in London and decided to seek his advice. Lalaji suggested that he and Sir Purshotamdas should consult Mr. Sidney Webb (later Lord Passfield), the celebrated Labour M. P. who was a Cabinet Minister during the regime of the Labour Government.

Accordingly the two men called on Webb in the House of Commons and Sir Purshotamdas explained his difficulty. When he handed over a copy of the report to Webb, Webb

dropped it on the floor as if it were something reprehensible. Purshotamdas politely picked the report up and handed it to Webb again whereupon he again dropped it.

Greatly surprised Sir Purshotamdas asked Webb whether he would care to see the report straight away or whether he would prefer to read it later.

"Ask Hilton Young to put that report in the *Thames* instead of handing it to you," said Webb and continued: "That report is not worth the paper on which it is written. It is true that the sub-committee made the report but it was never presented to Parliament, much less approved by it. It is one of the tricks of the Conservative Government to silence the Labour Party who at that time were proving inconvenient to them."

Sir Purshotamdas was greatly reassured on hearing this.

"Is this then a hoax played on me by the secretary?" asked Webb.

"It is more than a hoax," replied the other. "It is immoral on the part of the Chairman of a Royal Commission to mislead a dissenting member in this way."

Sir Purshotamdas thereupon explained to Webb that the Chairman had not mentioned it to him but that only the secretary had.

To this Webb rejoined briefly: "Ask the secretary to put on paper what he said to you and then hand the paper to me."

On leaving, Sir Purshotamdas expressed his gratitude to Webb who remarked, "If the thing is not settled to your satisfaction, come and see me but I myself expect that after they realise that you have seen through their sharp practice they will give in."

And so it happened. On returning to his hotel Sir Purshotamdas telephoned Baxter who immediately asked him if he had made up his mind to drop his minute of dissent. In reply Purshotamdas requested him to address a letter to him in these terms. Baxter was somewhat shaken and enquired why a letter was necessary at that stage.

"I propose to send the letter to the Prime Minister as a sample of the treatment given to a member of a Royal Commission by one of his civil servants," retorted Sir Purshotamdas.



Mr. Baxter then confessed that he was acting only under the instructions of the Chairman.

"In that case," said Purshotamdas, "you might put that also on paper."

Baxter thereupon enquired of Sir Purshotamdas whether he was free to come and see him at the India Office. Sir Purshotamdas retorted that he did not propose to see either Baxter or the Chairman in connection with "this ruse" and he asked for an explanation.

Within half an hour Baxter telephoned Sir Purshotamdas to say that the Chairman had authorised him to state that Purshotamdas's minute of dissent would be printed in full along with the report.

The other incident which involved Sir Purshotamdas was in its way even more unexpected and embarrassed him greatly. He received an invitation to lunch from Mrs. Hilton Young, wife of the Chairman, and on arrival found that they were the only two at table. After lunch Mrs. Hilton Young very persuasively asked Purshotamdas whether he could not see his way to dropping his minute of dissent.

"I feel," she said, "that it will carry no weight as the remaining nine members differ from it."

"That," replied Purshotamdas, "need worry nobody but myself."

Mrs. Hilton Young, by no means disconcerted, started on another tack. She was a highly intelligent woman and a sculptress of some note. She remarked to Purshotamdas how everyone who had come in contact with him had been impressed by his keen intellect and painstaking thoroughness. She knew, she said, that he stood high in the good books of the Government and was marked out for an exceptionally high honour which might include the Governorship of a province in India or, if he preferred it, a Privy Councillorship.

It was an obvious bait but Sir Purshotamdas did not bite.

"The honours I have so far got," he replied, "have come to me without any canvassing and indeed without any requests on my part. I have never thought it right to pay a price for any honour from the Government."

Greatly persistent, Mrs. Hilton Young continued with her

pleas. "You are very hard on yourself," she said, "and as a friend I must insist that you should not take this suicidal course which can bring you no credit."

By then Purshotamdas had begun to be impatient and he suggested that while willing to discuss any matters with her he was not prepared to enter into a discussion of his minute of dissent.

"If people are not willing to be helped even when help is offered to them I can only feel sorry," said Mrs. Hilton Young, and the episode closed.

On returning to his hotel Sir Purshotamdas received a telephone call from Commander Hilton Young who asked him whether he would mind coming to his place in Fleet Street to discuss the matter of signing the report on the following morning. When he arrived there Hilton Young, who had obviously been acquainted by his wife with the result of her talk with Purshotamdas, remarked: "I understand that you insist on putting in your minute of dissent. While I am ready to discuss with you the undesirability of your doing so, I am prepared to agree to the minute being appended to the report."

Purshotamdas in reply asked why so many attempts were being made to dissuade him from putting in a minute which after all only contained his own convictions.

As he said good-bye, Hilton Young remarked, "I wish we were parting in complete agreement and not as two dissenting voices."

This was by no means the end of Sir Purshotamdas's troubles. At the last meeting at the India Office another unpleasant incident occurred when Hilton Young declared that he had decided to admit Sir Purshotamdas's minute of dissent and asked whether the Commission was prepared to sign the report. For some peculiar reason, this greatly enraged Sir Rajendranath Mukherji who launched on a tirade against Purshotamdas. As the latter had had enough of unfriendly criticism, he asked the Chairman's leave to retire to another room while Sir Rajendranath continued his harangue. Thereupon he was taken by Mr. Baxter to another chamber where he stayed for about half an hour. Sir Norcot Warren peeped

in to say good-bye and on Purshotamdas asking him whether he had heard the extraordinary language used against him by Sir Rajendranath, Sir Norcot smiled and remarked: "The Chairman in any case should never have allowed him to say anything at this stage."

When Purshotamdas re-entered the committee room, Hilton Young enquired whether he had any objection to a vote of thanks being proposed by the other members of the Commission to the secretaries.

"I have no objection," said Sir Purshotamdas.

The report was then handed over to him for his signature which he duly appended subject to the attached minute of dissent.

Before leaving the committee room Purshotamdas, who was warming himself near the fire-place, was greeted by Sir Alexander Murray who asked him whether he was free to go with him to Wimbledon to see a tennis match that afternoon.

Lady Thakurdas, who had followed her husband to London, had been sorely neglected during these months and Purshotamdas had promised that he would devote his entire attention to her once his work was completed. He explained this to Sir Alexander who suggested that he would go with Sir Purshotamdas and persuade Lady Thakurdas to join them at lunch and then go on to Wimbledon. But Purshotamdas was firm in his refusal and Sir Alexander appreciated the reason.

"My dear fellow," he said as he bade Sir Purshotamdas good-bye, "I warmly congratulate you on the stand you took and I want to tell you that if I were an Indian I would have done the same."

Purshotamdas could not resist a retort.

"In that case, Murray," he remarked, "it is evident that you were on the Commission not to safeguard the interests of India but of England."

Sir Alexander was unruffled.

"Of course," he remarked good-humouredly, "all of us on the committee except you have done this and that is why I congratulate you for having so valiantly championed the cause of India."

Although Sir Purshotamdas was not able to convince his colleagues or convert them, his minute of dissent was a cogently reasoned document which was read with great interest not merely in India but in economic and commercial circles abroad. To this we shall now turn.

## Minute of Dissent

FROM various points of view, personal and impersonal, Sir Purshotamdas's minute of dissent to the Report of the Royal Currency Commission constitutes a monumental and memorable document. He brought to bear on it not only his prodigious industry which had led him to scrutinise searchingly a mass of files, documents, statistics, blue books and reports but a vast fund of knowledge which he wielded alternately like a rapier and a blunderbuss.

It was, in the words of Sir Stanley Reed, a former Editor of *The Times of India* who reviewed the Commission's findings in an article in *The Bankers' Magazine*, "a closely reasoned minute of dissent supported by a wealth of figures." Although he does not agree with every one of Sir Purshotamdas's conclusions, Sir Stanley pays tribute to "the conclusive force" of his arguments, particularly when in answer to his colleagues' opinion that at the prevailing rate of 1s. 6d. prices in India had already attained a substantial measure of adjustment with those in the world at large, Sir Purshotamdas avers that the adjustments are far from complete and cannot be concluded in regard to wages without disastrous labour disputes. "Both sides," remarks Sir Stanley, "admit that their conclusions are weakened by the unreliability of the Indian index figures."

Subject to this acknowledged handicap, Sir Purshotamdas set out to prove that both politically and economically the adoption of the 1s. 6d. rate was a grievously unjustified imposition.

Politically he based his indictment on the fact that the currency history of India from 1899 to 1913 conclusively demonstrated that the policy developments since 1899 were not justified by the opinions of the Government of India nor did

they carry the approval or consent of the Indian people. According to the majority statement of Sir Purshotamdas's colleagues the stability of the gold value of the rupee was "based upon nothing more substantial than a policy of the Government, and at present that policy can be found defined in no notification or undertaking by the Government". While agreeing with this observation Sir Purshotamdas, by citing the correspondence between the Secretary of State and the Government of India, was able convincingly to prove that there was a material departure from the main principles of the policy laid down in 1899 and accepted by the Government of India, and that these changes for the most part were effected by arbitrary executive action.

In 1899 the Fowler Committee had recommended and the Government of India had adopted a gold standard based on gold reserves and a gold currency as the currency system of India. Sir Purshotamdas did not believe that it was possible to improve upon the ideal of a gold standard based on gold reserves — a view which his colleagues shared. But while they contended that since 1899 monetary practice had made a considerable advance and that metallic gold need not form so large a part of the currency reserve as was then believed necessary, Sir Purshotamdas felt that the special circumstances prevailing in India could not be ignored.

In 1899 India had sterling and rupee securities equal to about four-and-a-half times the value of her gold coin and bullion in reserve. Sir Purshotamdas affirmed that it was neither desirable nor feasible that the sterling securities should be realised and converted into gold forthwith or in any manner other than one which assured the utmost safety and stability to the markets of India and the world. He stressed the paramount importance of the free movement of gold in India but subject to this condition he accepted the Gold Bullion Standard recommended by his colleagues. In the past, as he pointed out, successive Secretaries of State from London had striven to emasculate the efforts of the Government of India to establish a gold standard based on a gold currency. Instead Whitehall had tried to prop up what was often called the Gold Exchange Standard but which in effect was no standard

at all. Even its principal protagonist, Sir Lionel Abrahams, had described it as "a limping standard". And it had limped along until the third year of the first world war.

On the issue of the proposed Central or Reserve Bank which his colleagues favoured, Sir Purshotamdas was inclined to be cautious. While fully appreciating the reasons which induced them to make this proposal and recognising that it might be the ideal to be attained in due course, he was of the view that the best immediate course would be to develop the Imperial Bank into a Central Bank for India. Sir Purshotamdas did not share the fears that this would curtail commercial activity. On the contrary he felt that any curtailment of the commercial business of the Imperial Bank which might follow its conversion into a Central Bank would encourage the growth of new banking institutions initiated by private enterprise in India.

Although the Government introduced a bill in January 1927 to establish a Reserve Bank of India, the proposal did not immediately mature owing to differences between the Government and the legislature as to the exact form of the Bank. Opposition developed between those who accepted the idea of the Reserve Bank as a shareholders' bank and those who wanted a State bank. In a sense both views were ultimately to prevail for while the Reserve Bank of India was established in 1935 the Imperial Bank was converted into a State Bank twenty years later.

Sir Purshotamdas's chief point of difference with his colleagues was, however, the fixation of the exchange value of the rupee *vis-à-vis* sterling and through it with other currencies (popularly known as ratio) and around this question was to develop a crusade in which Sir Purshotamdas was to figure as one of the principal protagonists. The majority report recommended that "the rupee be stabilised in relation to gold parity, corresponding to an exchange rate of 1s. 6d. for the rupee". Among the major reasons advanced by Sir Purshotamdas's colleagues in support of their recommendation were that 1s. 6d. was the *de facto* rate and that prices, wages, contracts and public finances, in other words general conditions, had either substantially adjusted themselves to it or the

"least injury" would be done to all interests by adhering to that rate. Sir Purshotamdas was unable to accept either their premises or conclusion and in his minute of dissent expressed his own views forcefully and cogently.

As he recalled, the legal standard of money payments in India recommended by the Herschell Committee in 1893 was 1s. 4d. to the rupee. This standard was accepted by the Fowler Committee and officially adopted by the Government of India. It remained the effective standard until August 28, 1917 when, in consequence of the abnormal rise in silver prices caused by the war which led to silver going beyond the melting point of the rupee, the Government of India raised the rates for the sale of council drafts roughly to the price at which silver coinage could be bought. Under the procedure known as the sale of council drafts, the Secretary of State, acting on behalf of the Government of India, sold bills against gold deposited in the Bank of England in London and these bills when presented in India were cashed at the Government treasuries.

In December 1919, the Babington-Smith Committee recommended that an entirely new ratio of 2s. gold to the rupee should be established and despite the minute of dissent of Sir Dadiba Dalal and the earnest pleas made by non-official members in the then Central Legislature, known as the Imperial Legislative Council, the Government of India established the rupee at 2s. gold in September of the same year when the actual rate was 1s. 4-5/16d. gold, and gold prices were slowly but perceptibly falling. At that time the country's export trade was weak while the import trade, in obedience to the delivery of long deferred orders, was strong. The rising rate of exchange recommended by the Babington-Smith Committee and introduced by the Government virtually obliterated the weak export trade and gave a tremendous stimulus to imports.

Certain deficiencies and unexpected forces such as the financial crisis in Japan, the lack of buying power on the continent and the movement for the transfer of capital from India to England at the artificially high rate of exchange also contributed to stimulate these forces but the root cause was



administrative action which had no relation to the *de facto* rate nor was it warranted by world conditions. The effects on India's business and trade were severe for exporters found themselves loaded with produce for which there was no foreign demand while importers found themselves burdened with imported goods bought in the expectation of the continuance of a high rate of exchange and delivered when it had fallen to 1s. 4d. from the highest point reached. Official operations to establish and maintain this unnatural rate were two-fold — firstly the sale of reserve councils to the extent of £ 55½ million and secondly deflation in India to the extent of Rs. 35 crores.

In his minute of dissent Sir Purshotamdas searchingly analyses these ventures in Government policy. Attempts to stabilise the rupee at 2s. gold were soon abandoned and the value of the rupee was allowed to adapt itself to market conditions without any further attempt artificially to control it. India reacted to the falling price fluctuations in other parts of the world, and the rupee in consequence varied from 11-9/32d. to 1s. 3-7/8d. gold between August 1921 and September 1924.

At that time, as Sir Purshotamdas pointed out, the Government was pressed to stabilise at the prevailing ratio (which was approximately 1s. 4d. gold) and thereby legally to restore the long current legal standard of money payments. This, however, the Government declined to do. In its own words the Government's policy was to secure "a permanently higher rate than 1s. 4d. gold". By limiting the supply of currency the ratio was artificially raised to 1s. 6d. gold by April 1925 when sterling reached gold parity. Thus the Government was able to talk of the new ratio as 1s. 6d. gold instead of 1s. 6d. sterling.

Recounting the efforts of the Government to prevent the normal expansion of currency Sir Purshotamdas recalled a telegram from the Secretary of State to the Viceroy in October 1924. "It seems to my mind, however," wrote the former official, "that the vital consideration is not so much the actual level of exchange at the moment as the avoidance of such abnormal stringency as might threaten the financial and economic

position." Sir Purshotamdas forcefully pointed out that unlike other governments the Government of India deliberately rejected the opportunity of stabilising the rupee at its pre-war ratio when this point was reached. Instead the authorities exposed the Indian exchange to the risk of a rise to any incalculable height and he observed with some sarcasm, "It is a mercy that they did not select a higher rate than 1s. 6d. at which to intervene."

He declined therefore to attach any importance to a ratio reached by such measures. There was no justification whatever, in his view, for administrative action to prevent the rupee from finding its natural level downwards. If the Government had followed silver down as it followed silver up, the rupee would have returned to its permanent ratio with no more disturbance than was inevitable under war conditions. Proceeding to analyse the course of prices and wages he combated the conclusions of his colleagues that prices had adjusted themselves in a preponderant degree to 1s. 6d.

If the rupee was to be stabilised at 1s. 6d. the fall would be aggravated if gold prices themselves dropped from the then prevailing level. If gold prices fell — and Indian prices would follow the downward plunge — the country would be faced with a still bigger fall, the double effect of the operation of the rate of 1s. 6d. plus the global fall. Sir Purshotamdas observed that he could not but contemplate such a prospect with very serious misgivings for it would hit the Indian producer to an extent beyond his bearable limit. In other words, it would hit and hit very hard four-fifths of the population of India who existed on agriculture. From his analysis of price and wage trends in the context of the proposed change, Sir Purshotamdas came to the conclusion that any adjustment in wages to the 1s. 6d. level would entail a long and bitter struggle between labour and capital with consequent disturbances in the country's economic structure and equilibrium.

One interesting point which he exposed and stressed was that, until the adjustment was complete, a 1s. 6d. ratio would present the foreign manufacturer with an indirect but none the less effective bounty of  $12\frac{1}{2}$  per cent. This would place a

heavy strain on indigenous industries and those operating behind a protective tariff would need a further  $12\frac{1}{2}$  per cent. countervailing aid through subsidies. Looked at from all national points of view, whether judged by its effects on the finances of the Central Government, on contracts or the prospects of stability, on the melting point of the rupee and currency reserves, the ratio of 1s. 4d. was demonstrably the more equitable. Moreover, as Sir Purshotamdas pointed out, a change to the 1s. 6d. rate would hit the large bulk of the debtor class to the benefit of the creditor class and he could conceive of no valid or moral reason for a step calculated to give the latter group an unearned increment at the expense of the former.

"I have very grave apprehensions that if the recommendations of my colleagues to stabilise the rupee at 1s. 6d. are accepted and acted upon, India will be faced during the next few years with a disturbance in her economic organisation, the magnitude of which is difficult to estimate, but the consequences of which may not only hamper her economic development but may even prove disastrous," Sir Purshotamdas wrote in the concluding paragraphs of his minute. "Until the adjustment is complete, agriculture threatens to become unproductive and less remunerative than it is today and industries will have to undergo a painful process of adjustment, not only unwarranted but avoidable — an adjustment which will be much to their cost and affect not only their stability and progress but in certain cases their very existence. And, should nature have in store for India a couple of lean years after the four good harvests that we have had during the period of forced adjustment to a rate of 1s. 6d. the steps that the currency authority will have to take to maintain exchange at this rate may deplete the gold reserves of the country to an extent that may seriously shake the confidence of her people in the currency system recommended.

"With extraordinary good luck, the country may find it possible to avoid all this distress. But why incur risk at all? Why gamble on uncertain factors if India's natural ratio of 1s. 4d. that stood for 20 years unshaken by the crisis of 1907-1908 and shaken only after 1917 by a world convulsion

and then, too, mainly because of the embargo on the import of gold, is still within India's reach?

"The facts and figures that I have stated and the records from which I have quoted conclusively show that the Executive had made up their minds to work up to the 1s. 6d. ratio long before this Commission was appointed to examine the question. Indeed, they have presented to us the issue in this regard as a *fait accompli*, achieved by them, not having hesitated by manipulation to keep up the rate even while we were in session. I cannot conceive of any parallel to such a procedure in any country."

Although Sir Purshotamdas found himself in a minority of one, he had the comfort and satisfaction of knowing that he had discharged his arduous task conscientiously and to the best of his ability. Quite apart from the mental labours it involved the investigation entailed a considerable call on his physical resources and left him exhausted. Within the Commission he was faced by the adamant opposition of his colleagues not all of whom were disposed to be kindly or sympathetic towards him. Outside, his energy and time were fully occupied in studying single-handed the various documents and reports and in working hard to prepare a reasoned, effective justification for his views.

From Lady Thakurdas who had accompanied her husband to London these exacting demands also took their toll and once his work was completed Sir Purshotamdas dedicated the rest of his stay in England to giving his wife his constant and devoted companionship. Now that the labours of the Commission were over and behind him, he was filled with a sense of elation, almost of exhilaration over a job well done. Despite the fact that he had failed to convince his colleagues he was certain in his own mind that he had done the best he could for his country. During the next few days he and his wife toured various parts of England and the continent. They had a supremely happy time and both returned to India refreshed in mind and spirit.

In India Sir Purshotamdas's bold stand was widely appreciated and his minute of dissent was eagerly studied by businessmen, industrialists and politicians. He was accorded a

hero's welcome when he arrived in Bombay and the Indian press unanimously, with the exception of some of the more powerful Anglo-Indian newspapers, endorsed and commended his fearless performance.

Characteristically Sir Purshotamdas was not content to rest on his laurels and he lost no time in organising and mobilising intelligent public interest and opinion throughout the country. He was particularly anxious that not only the industrialists and politicians but the layman and the average citizen should understand the issues involved and in what way the new ratio rate would impinge on the interests of the country. Throughout the coming months Sir Purshotamdas sought to educate and enlighten his countrymen on the currency problems which affected their economic well-being and progress so deeply. He addressed several meetings organised under various auspices, commercial and public.

At the largest of these, which was a garden party organised by twenty hosts including Sir Dorab Tata, Sir Victor Sassoon, Sir Dinshaw Petit and many prominent industrialists, an organisation known as the Indian Currency League was set up with Sir Victor Sassoon as its Chairman in the first instance and the Rt. Hon'ble Mr. Srinivasa Sastri as its President later, to develop public interest in the study of currency problems and to oppose resolutely the move to peg the rupee at 1s. 6d. Most of the leading industrialists and businessmen were associated with this body and Sir Purshotamdas inaugurated the educational campaign at Poona where he made a vigorous speech explaining lucidly the intricacies of the currency problem. Sir Victor Sassoon presided on this occasion and humorously claiming that he knew little about currency remarked: "We have many experts on our Committee and the only reason I can see why I was elected Chairman is that if the experts could succeed in making things clear to me, they may well hope to make things clear to that omniscient body — the Government of India."

The Currency League set up several branches in various parts of India and many meetings were held in different cities and towns to propagate the campaign in support of the 1s. 4d. ratio. An interesting enterprise of this organisation was the

translation of the minute of dissent which it issued in the main Indian languages, more especially in Hindi. As a result of this the Hindi-speaking public, particularly the Marwari community, were presented with a clear, simple exposition of the ratio controversy and the reasons why the 1s. 4d. rate was best in India's interests.

Sir Purshotamdas's warnings of the deleterious effect of the 1s. 6d. ratio were borne out even before the publication of the report. In April 1926, some two months before the publication of the report, there were signs of a weakness of exchange at the rate of 1s. 6d. and the Government of India was compelled to resort to the measure of offering to sell sterling on London at gold point. This was unusual at such a time and particularly after a bumper harvest. Although the offer was made there were no applications for the bills but in November there was a great break in prices, specially in cotton, one of India's then staple exports. This was due particularly to the unusual good crop in the United States which sent prices down with a run. But while cotton was the principal sufferer, other forms of agricultural produce, particularly jute, were severely hit. The balance of trade in favour of India dwindled to insignificant proportions and the emergency was met by a drastic deflation of the currency to the extent of over Rs. 33 crores. Reverse councils were offered for sale and though the amount was not officially disclosed it was understood to be in the neighbourhood of £ 2 million. Nature took a hand in the proceedings and the situation was aggravated by the lateness of the season, specially of the cotton crop. Under the cumulative pressure of the measures taken by the Government the exchange recovered and at the close of 1926 hovered a fraction above 1s. 6d. But the unusual juxtaposition of events was ammunition to the armoury of all who favoured the 1s. 4d. rate, particularly the Indian Currency League, which was not slow in pointing out that it strengthened the case of those who declared that 1s. 6d. was a higher ratio than Indian agriculture could stand. If these drastic measures were needed in a good year what, it asked, might not happen during a bad harvest or after a succession of lean years.

## The Ratio Debate

UNLESS the ratio was fixed at 1s. 4d. Sir Purshotamdas was convinced that grave economic burdens would be laid not only on the Indian classes but masses. The peasants and farmers who formed the vast bulk of the country's population would be the principal sufferers. And so it proved, for the steep fall in the prices of exportable commodities sapped the purchasing power of the agriculturists, and imports in turn were unable to find a ready market.

Sir Purshotamdas's vigorous campaign slowly percolated to the people, particularly to the educated elements who by now were awake to the implications of the rupee ratio. The question was widely and eagerly discussed. On its side the Government was no less active, and Commander Hilton Young took up the cudgels on behalf of the 1s. 6d. rate in the columns of *The Financial Times* which he edited. In India the principal official spokesman was the Finance Minister, Sir Basil Blackett.

*The Financial Times* stooped to conquer for it alleged that Sir Purshotamdas had adopted the tricks of the merchant class. Sir Purshotamdas who throughout the controversy was scrupulous in observing the verbal proprieties of debate replied effectively but with dignity. He pointed out that as early as 1899 two members of the Fowler Committee, one being the then Chairman of the National Bank of India, an institution by no means prejudiced in India's favour, had advocated a rate of 1s. 3d. They had gone beyond this for they had warned that the higher the exchange rate the greater would be the burden on the backs of the agriculturists.

On this precise issue Sir Purshotamdas was to cross swords very often with Sir Basil Blackett. In Sir Purshotamdas's view, which he expressed and elaborated on every suitable occasion, India being essentially an agricultural country the cultivator,

as a result of the variation in the ratio rate, was left with two alternatives. Either he must step up his output for which he had neither the equipment nor resources, or he must accept 12½ per cent. less on his returns.

At a meeting of the Currency League, Sir Purshotamdas protested against the Government experimenting with the country's resources. "Why," he asked, "does Sir Basil pursue the ratio question so stubbornly when besides the people of India, Nature itself appears unmistakably to be opposed to it? I looked upon Sir Basil in this controversy till now as the brilliant genius making bold experiments with India's resources with the best of intentions. India prays that she be allowed to travel at the same pace as other civilised countries and declares without hesitation that she is not prepared to risk more than what she can comfortably afford should Sir Basil's expectations go wrong. Is it right to expose India to any avoidable risk?"

Speaking in Rangoon, Sir Basil alleged that the fall in the exchange which had compelled deflation to the extent of Rs. 5 crores was due to speculative activity in Bombay, and he quoted passages from various local brokers' circulars in support. *The Times of India*, entering the lists, supported Sir Basil's allegations, and this in turn drew a spirited reply from the secretary of the Currency League, Mr. Jamnadas Dwarkadas. A battle royal ensued between the League and this powerful daily.

Speaking at a meeting of the East India Cotton Association, Sir Purshotamdas, defending Mr. Jamnadas Dwarkadas's statement, observed, "*The Times of India* is out to defend the policy of the Government which the Government of India was not able to defend in 1924."

Sir Basil was a man of brilliant parts, but *The Times of India*, in a eulogistic reference to his financial acumen, sought unfairly to deprecate his opponents' knowledge of high finance. Sir Purshotamdas was quick to reply. "Does the Editor of *The Times of India*," he asked, "mean simply that because we have a brilliant man, nobody else should try even to understand. From the point of view of the little common sense with which, I hope, I am still blessed I can say that everybody is



trying to understand the exchange question."

While conducting the battle on the press and public front, Sir Purshotamdas was also converging on the highest citadel of officialdom. Over several months he carried on a considerable correspondence with the Viceroy, Lord Irwin, a man of great imagination and natural sympathy but circumstanced by the trammels of his high office.

Writing to the Viceroy in December 1926, at a time when the Government was attempting by a deflationary policy to prop up the 1s. 6d. rate which had been hovering around the lower gold point for four weeks, Sir Purshotamdas observed: "The real trouble is, to my mind, not that there is a plethora of money here, but that there is no trade at all and both imports and exports are steadily falling off. There are also one or two other unmistakable symptoms of the times — symptoms that are now being recognised and are being mentioned publicly. In view of all this and in view of Professor Gustav Cassel's latest article regarding his apprehensions about the limited supply of gold, indicating a further depreciation in the world's gold prices, may I ask if Your Excellency will not be pleased to reconsider the whole policy of the Finance Department? Should Your Excellency not be pleased to move in the direction, may I at least suggest that a meeting of the Assembly may be summoned at as early a date as possible? A confidential circular issued by an English firm of brokers says that exchange is being maintained at 1s. 5½d. owing to sentimental reasons and not on business offering. Any further proof would be unnecessary as to the reason of the exchange being where it is. I really wonder if Your Excellency can tolerate any further action in maintaining 1s. 6d. by the Government of India without consulting the Assembly, especially as the elections should all be over by the end of this month. I feel that the responsibility is extraordinary and should not, according to my humble opinion, be shouldered by the Government of India with Your Excellency at the head of the Government."

In a personal reply dated December 8, 1926, Lord Irwin wrote: "I am fully conscious of the importance of the various questions which you raise and have given anxious considera-

tion to the representations which you make, recognising as I do the conviction with which you make them. But after giving due weight to the views you urge, I find myself unable to agree in your conclusion that there has been any such change in the situation since the date of the Report of the Royal Commission on Indian Currency as would justify a reconsideration of my Government's acceptance of the recommendation of the Commission that the *de facto* ratio of 1s. 6d. to the rupee should be maintained and made statutory. In these circumstances, I regret that I do not see sufficient reason to warrant the summoning of a special meeting of the Legislature in advance of the date already fixed for the next Delhi session."

Several more letters were exchanged between them and in reply to one of these, Lord Irwin observed: "I am very glad you have written so frankly, for I am always glad to hear both sides of a question, of which people take sharply differing views, honestly and clearly expressed. At the same time, you will not mind if I say that your letter leaves me with the impression that, feeling strongly as you do about the 1s. 6d. ratio, you are tempted to attribute to the Legislature's decision and to Government's subsequent action, effects of which the true causes are to be looked for elsewhere. I am, as you know, deeply interested in the agricultural conditions of this country and I hope that your reading of the situation is unduly pessimistic. I know, for example, that there has been a local scarcity in Berar, but the position there which is dependent on cotton has surely been aggravated by the big drop in the world price of cotton and partly by the low outturn in 1925-26 on account of the poor rainfall. I should not be disposed to think that it was true to lay blame for this state of affairs upon the currency policy of Government."

The letters on both sides were couched in friendly and earnest tones, and it was obvious that the Viceroy could not move beyond the ambit of official policy which Whitehall had decreed. In a letter dated June 4, 1924 Sir Purshotamdas implied that the Government and people could only agree to disagree. "I fully realise the handicaps attached to any views that I am expressing regarding the ratio," he wrote. "But I

have the satisfaction that my views have now been before Your Excellency for whatever they may be worth. Regarding Your Excellency's solicitude for the Indian agriculturist, I should be very sorry if I gave Your Excellency anything in the nature of a shock by my reading of the situation. . . . As I said in the Assembly on the third reading of the Ratio Bill, I have no grudge about the 1s. 6d. ratio if it can be stabilised without putting the country to a severe strain. Having submitted my views, I do not wish to write at any length now and join Your Excellency in the hope that the agricultural condition in the country may soon improve."

Despite his strong differences with the Government it was obvious that New Delhi respected both the strength and basis of Sir Purshotamdas's convictions and even at this difficult juncture New Delhi sought his co-operation—though on another issue. This related to the Cape Town talks which the Government of India was then about to hold with the Union Government of South Africa. A delegation was nominated for this purpose and Lord Irwin was particularly anxious that Sir Purshotamdas should serve on it. "I fully realise," he wrote, "that your acceptance will possibly cause you personal inconvenience and dislocate your business interests. In view, however, of the vital importance of the matter to be discussed, I feel justified in asking you this sacrifice and to add your weight to the delegation. In the event of your accepting I can give you the assurance that Government will not, as requested, bring forward contentious currency business till you return."

Sir Purshotamdas reciprocated in equally friendly terms and while appreciating the Government's offer not to proceed with currency matters in his absence expressed his inability to go for several reasons. Apart from the fact that it would hamper the conduct of his personal and business matters, to which his recent preoccupations had allowed him to devote very little time, he suggested that it would be incongruous for him on the one hand to insist that the ratio issue was urgent and on the other to allow its discussion to be deferred to suit his personal convenience. "Your Excellency indicates in the telegram," said Sir Purshotamdas, "that Government will not bring forward contentious currency business till my return.

This is, of course, as it should be. But I feel that I am not justified in being instrumental in the postponement of this important question, when, for reasons which I need not mention here, such postponement may mean immense harm to the country. I feel convinced that the return to the cultivator under the present circumstances, namely at the current rates of commodities and exchange, is sure to be so poor that there are possibilities of Government in the various Provinces being called upon to assist the cultivator by what are known as *tacavi* advances. My personal enquiries from reliable sources convince me that such a state of things has begun to show itself and while I do not wish to be unduly pessimistic I feel that in the next two or three months the insistence of Government on the higher rate of 1s. 6d. will do untold harm to the Indian grower.

"I implore Your Excellency to look into this from the point of view I have submitted, before it gets too late, and I particularly feel that I would be guilty of moving from one subject to another if at this juncture I agree to go out of India even with the assurance of the Bill not being discussed till my return. . . . I, therefore, submit to Your Excellency that on the ground of the currency question hanging in the balance, I owe it to the Indian public that I should not leave India for the next few months."

By now Sir Purshotamdas's campaign on the ratio rate had gathered immense momentum and he continued to hit back hard but fairly. At this juncture, Sir Basil Blackett rashly made the point that the higher ratio would save the cultivator 12½ per cent. on every sovereign worth of imported goods. Sir Purshotamdas, pouncing on this plea, had no difficulty in reducing it to ridicule. "Will Sir Basil and his supporters be good enough to tell us," he inquired, "how much of the silks or diamonds or motor cars (to mention only a few articles) that are imported go to the cultivator? Or is it his contention that these would respectively cheapen khaddar or bullock-carts?"

"In fact," continued Sir Purshotamdas, "unless it is contended that the growers of raw materials such as cotton, oilseeds and jute are prosperous and can well afford to be

mulcted to the extent of 12½ per cent. in rupees as Sir Basil persists in doing, I think the 1s. 6d. rate must be considered to be regularised loot on the growers of India. I need hardly remind Sir Basil that two English members of the Fowler Committee said this unequivocally in 1899.

"I am not reflecting on the personal motives of Sir Basil for whom I have regard, but I must as a matter of clear duty to my countrymen point out that the full effects of the policy which he has initiated are disastrous to India; that the full burden of the action which he has hitherto taken is that which may bring a little surplus for the Government for the time being, but which has brought sorrow to many a poor peasant home from which it is a pity that the wail of poverty cannot reach the high and mighty in Delhi because it is attributed by an indulgent and half-superstitious population to the wrath of God due to their own sins. The surpluses that would gladden the heart of any student of public finance are those surpluses which indicate prosperity to the Government treasury without involving losses to the cultivator."

Soon each side was busy mustering its forces for the battle which each knew was inevitable in the Central Legislative Assembly. In March 1927 Sir Basil Blackett moved consideration of the Bill further to amend the Indian Coinage Act of 1906 and the Indian Currency Act of 1923 thereby signalling Government's support to the recommendations of the Currency Commission. Within the Assembly Sir Purshotamdas, aided by Sir Victor Sassoon, spoke vigorously on behalf of the opposition and in Delhi, as in Bombay, he initiated an educational campaign concentrated this time on the legislators, most of them being members of the Swaraj Party. For this purpose he canvassed the aid of Mr. B. F. Madon, who had given convincing testimony in favour of the 1s. 4d. ratio before the Currency Commission, and Mr. Madon laboured with the faith which sometimes moves mountains. Not all the members of the Swaraj Party were wholehearted in their support of the lower ratio and it took Mr. Madon over four hours to argue and convince the stubborn and sincere Pandit Kunzru.

Several incidents marked Sir Purshotamdas's persevering campaign to popularise his point of view. Besides Mr. Madon

he enlisted the aid of Mr. Jamnadas M. Mehta and Mr. G. D. Birla to prepare a special memorandum for the benefit of the legislators. The four men often congregated at Sir Purshotamdas's residence at 2 Mansingh Road for this purpose and sometimes sat up until late at night. Late one night, when Pandit Madan Mohan Malaviya had joined them in their discussions, they heard a loud knock at the door and on opening it found an old bearded man who appeared to be overwrought and highly nervous. He had a bicycle with him and on Sir Purshotamdas opening the door he informed him that he had been frightened by an animal roaming on the road and had taken refuge in Sir Purshotamdas's compound. Sir Purshotamdas invited him to come in and lie down for some time, meanwhile instructing a servant to get the man some water. The discussions were resumed while the stranger lay on a sofa but Pandit Malaviya, more suspicious than the rest, requested the visitor after a while to leave. Sir Purshotamdas was reluctant to turn the visitor out as he still appeared to be in the grip of a nervous tension but Pandit Malaviya persisted, merely remarking, "Let him go. His friends are outside."

Later developments justified Pandit Malaviya's suspicion for the man was seen early next morning to enter Sir Basil Blackett's residence. He was obviously an informer and had been earmarked to spy upon the activities and discussions of the four-man group.

"I did not know that bureaucracy in India could behave in this highly original fashion," was Sir Purshotamdas's only comment.

The second incident occurred on the eve of the division which was to settle the fate of the Bill. Sir Purshotamdas was at the time working in his office room while Mr. Birla was in another room. A visitor was announced and he requested an interview with Mr. Birla who had a few minutes' talk with him. Mr. Birla then came in and told Sir Purshotamdas confidentially that the man had offered him six votes in the Assembly if he was paid a total of Rs. 6,000. The stranger had remarked that he did not want the money before the voting but he would be satisfied with Mr. Birla's verbal

assurance that the money would be paid after the division.

"What do you advise?" Mr. Birla asked Sir Purshotamdas.

"Do you know the man?" inquired Sir Purshotamdas.

Mr. Birla said he did not but felt that perhaps the man could deliver the goods.

Sir Purshotamdas, however, would have none of it.

"We have read several times," he observed, "that the Chinese carry on their Government by bribing members of their parliament. I do not feel that our cause is so poor that we should resort to such dubious tactics. Even if the man were to produce results, I would not do it."

Mr. Birla thereupon accepted Sir Purshotamdas's advice and shortly after went to the Assembly chamber where he met Sir Victor Sassoon in the lobby.

"Has anybody come round to your place offering to sell you votes?" asked Sassoon grasping Birla's arm.

Sir Victor then revealed that he was offered five votes at about the same price for which they had been tendered to Mr. Birla and remarked that he had peremptorily turned the proposal down.

Some days later, Sir Purshotamdas learned from a reliable source that the vote seller was actually a C. I. D. man who had been planted on them by the Government. If either Sir Victor or Mr. Birla had agreed to purchase the votes it had been arranged that the man was to report to the Government who would have his affidavit taken before a magistrate. The plan was that either before or after the division Sir Basil Blackett was to read this document in the Assembly whereupon a few members would endorse the fact that the same man had been to them and offered bribes. The Government knew that Sir Purshotamdas would summarily turn down such offers and hence had seen that he was not approached directly, calculating that if one or more of his associates had accepted the offer it would be easy to damn the entire group.

The fateful division took place on the afternoon of this incident. Prior to the division Sir Purshotamdas made a vigorous speech notable for its pungent, yet subtle, sarcasm, summing up the ratio problem in all its aspects so that the House might have an opportunity of considering it in its proper

perspective before it voted on the issue. "I have been looking forward to this day when it was to be my privilege to submit my views to the House in connection with the Minute of Dissent," said Sir Purshotamdas. "The Hon'ble the Finance Member has, during the intervening period from last August up to date, said in his several public announcements that the question of the ratio is a minor one. May I ask him if he is still of the same opinion that the question of the ratio is a minor one and if he is prepared to accept 1s. 4d. if this House passes it, or does he think that the question of the ratio is all important to him and he must have 1s. 6d?"

After covering the entire history and course of currency developments, he declared: "Unless there is sanctity attached to this question of the ratio, I have not the least doubt that in order to bolster up Government Budgets, in order to avoid further taxation, in order to make up for increasing expenditure of all kinds we will slowly be driven into a higher appreciation of the rupee, further grinding down of the masses and that is a thing which no Indian, Sir, who has taken the slightest trouble to understand the problem would even think of with equanimity. I hope no Indian will agree to a course which has no precedent in any other country and which every economist of the past century has run down in terms which I need hardly repeat. I therefore strongly support that the Bill be taken into consideration and I hope that when the amendment comes up the House will vote for 1s. 4d." One of the liveliest debates of the decade followed in which all the legislative luminaries of the day participated.

Due to the Herculean efforts of Sir Purshotamdas and his group the Government, although controlling a big bloc of officials and nominated members, was able to carry the day by only three votes. Of the 68 votes cast in favour of the Government's proposal, nearly 40 were those of officials, nominated non-officials and Europeans.

On the result being announced Sir Purshotamdas returned to his residence and was preparing to go out for his usual evening walk with Lady Thakurdas when Sir Kikabhai Premchand was announced. Sir Kikabhai remarked that he had come to offer Sir Purshotamdas his condolences and help



him to forget what had happened.

"I do not need any condolences," said Sir Purshotamdas shortly. "If anybody is to be condoled with, it is the country."

Later Sir Kikabhai mentioned the incident to Sir Basil who smiled wryly and remarked, "He is a queer fellow. He does not take even this defeat to heart."

Sir Purshotamdas had always entertained a high personal regard for the British and some of the tactics employed by British businessmen and bureaucrats to undermine his campaign and defeat him surprised and pained him deeply. On the other hand he was fond of relating an incident which he feels is characteristic of the true British character which holds frankness and fearlessness among the prime virtues. At the height of the ratio controversy an English banker, a Mr. Smith from the Cawnpore branch of the Chartered Bank came specially to Delhi to canvass for the 1s. 4d. ratio. He had no vested interests in doing so but he was sincerely convinced that the 1s. 6d. ratio did grievous injustice to the country in which he lived. Mr. Smith, however, had to pay a heavy price for his independence for he was shortly after compelled to retire from India.

"I can never help admiring Englishmen of this character," Sir Purshotamdas always remarks when relating this incident.

Although the popular cause suffered a reverse in the legislature, public opinion continued to be steadfastly opposed to the new ratio. The Legislative Assembly had approved the Government Bill in March 1927 and this was shortly after endorsed by the Council of State where the Government had a safe majority. The Bill established the ratio at 1s. 6d. by enacting that the Government would purchase gold at a price of Rs. 21-3-10 per tola of fine gold in the form of bars containing not less than 40 tolas and would sell gold or, at the option of the Government, sterling for immediate delivery in London at the same price after allowing for the normal cost of transport from Bombay to London. A rate of 1s. 5-49/64d. was notified as the Government's selling price for sterling to meet these obligations.

Sir Purshotamdas's warnings were soon justified. Between September 1929 and December 1930 the fall in respect of

imported items was 16 per cent. but in the case of exportable commodities it was no less than 36 per cent. This told heavily on the purchasing power of the agriculturists and for a time at least caused a glut of imports. Deficit budgets became normal and gold reserves dwindled at a rapid pace while debts continued to mount. Between 1924 and 1931 India's total interest-bearing obligations rose from Rs. 919 crores to Rs. 1,171.96 crores. Trade suffered and so did industry. The cultivator found himself in no position to pay either the land revenue he owed or the interest on the money he had borrowed. Undoubtedly the world depression as a whole contributed to this state of affairs but it was the appreciated rupee which aggravated the crisis in India. No until the second world war started and inflation changed the fortunes of the countryside was the Indian ryot able to raise his head. He had paid for the luxury of the increased rate with his own blood, toil and tears. Today, in the altered context of independence with the Government controlling the country's financial and economic policies, the 1s. 6d. ratio which continues has lost its earlier significance and stigma.

## Public Record

WITH a career so versatile as Sir Purshotamdas's, with activities embracing commerce, industry, banking, politics, public affairs, the organisation of famine relief and service on committees, commissions, trusts and other public bodies, it is difficult to present a composite picture in proper perspective and balance. Inevitably commerce and trade bulk large over the scene, so large that in the minds of many of his countrymen Sir Purshotamdas's life is identified solely with these activities. But his performance in other fields, notably legislative, both at the Centre and in his province, is also distinguished for the range of his interests and activities.

There is little of sheen or glitter in the story of his crowded life. He has always abhorred the showy; the spectacular he mistrusts. But so solid is his record that in itself it conveys a feeling of quiet sureness and strength. Although in no way spectacular, there is nothing pedestrian about it. Here is solidity in both promise and performance.

To appreciate adequately Sir Purshotamdas's work as a member of the Central Assembly it is necessary to realise that his contemporaries in that body numbered some of the giants of Indian politics including Motilal Nehru, Madan Mohan Malaviya, Mohamed Ali Jinnah, destined to be the creator of Pakistan, and Vithalbhai Patel. The level of political and debating talent was unusually high and was never to be surpassed. From this galaxy of talent Sir Purshotamdas emerged with considerable credit.

Much of the respect he enjoyed derived from the fact that he was never afraid to speak his mind and to exercise his vote independently, supporting, when convinced by their case, the Swarajists, Mr. Jinnah's Independent group or even the Government. He treated each issue on its merits, the sole

criterion being the interests of the country. Because of this, his independence, expressing itself in support most often of the Opposition but sometimes of the Government, was never construed as inconsistency.

A test of a legislator's success lies as much in his presence being felt as in his absence being missed. When in 1930 the Indian Merchants' Chamber of Bombay, taking its cue from the political temper of the country, decided to boycott the legislature, Sir Purshotamdas's absence was conspicuous and keenly felt. "When one compares his work in the Legislative Assembly of the twenties," wrote an informed observer, "one is inclined to stress how his powerful and authoritative voice was missed in the Grand Debates of this decade (1930-40) — the Ottawa Agreements (1932-34), their revision and termination notices, the Reserve Bank of India Bill, the Mody-Lees Pact (1933-34), the Revision of the Indian Company's Act of 1936, the Income-tax Bill debates of 1938 and the Indo-British Trade Negotiations (1939)."

While Sir Purshotamdas invariably identified himself with the national aspirations of his countrymen, he did not always approve of the methods employed by the more ardent among them. An encounter in 1925 with Dr. Annie Besant, the noted Theosophist and political leader, illustrates this. Mrs. Besant, who was then General Secretary of the National Conference, was preparing a Swaraj Bill for presentation to Whitehall which she was anxious that Sir Purshotamdas should endorse and sign. Sir Purshotamdas certainly supported the objective of swaraj whole-heartedly but his practical mind recoiled from lending his signature to a document unless the expression of the ideal was followed up by organised constitutional action to attain it. When therefore Mr. Jamnadas Dwarkadas who was canvassing signatures for the Bill approached him, he declined to sign.

Thereupon Mrs. Besant wrote Sir Purshotamdas a letter conveying more than a hint of rebuke.

"I am sorry," she observed, "you will not sign the memorandum claiming Swaraj. You always seem to agree with our politics, and yet you will not help in a definite way. Your signature would be useful because of your weight as a great

merchant and as representing Bombay merchants. Why should you not?"

The "great merchant" bridled at the rebuke and expressed himself frankly.

"I feel rather hurt at your letter," he wrote, "which practically tells me that I have not the courage of my convictions in your eyes. I feel that wherever I do agree with anyone's views, I always back that up with my full support. In the case of your Bill, as you yourself know, I have not been able to take any part in the consideration of any of its details. I do not mean that I have any change to suggest at the moment, but that is because I have not been able to give concentrated thought to this question.

"I would be the last person to criticise your great and monumental effort, but when it comes to my signing a practical ultimatum to the British Government, I wonder if I betray any weakness when I say to Jamnadas that I am not prepared to sign it unless and until I find that the Indian public unanimously or by an overwhelming majority back your draft. I know how difficult it is in these matters to ensure such support. I am painfully aware of the enormous difficulties in such assurance being forthcoming under the present circumstances.

"The draft manifesto that Jamnadas showed me is a very magnificent manifesto. No exception can be taken to it and I assure you that I hesitated to sign it because I felt it would not be desirable to sign it unless I was confident that we could follow it up. Is this a weakness in one? If in your eyes it is so, I must plead guilty to it. I hope you will not mind the very frank manner in which I have written. I am loath to do anything unless I feel convinced that it is the right thing to do, and at the moment I am not so convinced. I am, however, open to conviction if you think it worth your while."

Mrs. Besant, recognising the justice of the retort, retracted somewhat from her previous stand.

"I have much respect for you," she replied, "and there are many conditions which a great merchant and financier like yourself must consider which do not fetter a knight errant like myself."

If knight-errantry meant plunging headlong with drawn lance knowing not what or how to charge, Sir Purshotamdas would have none of it.

In the same year he was involved in another correspondence, this time with Dr. M. R. Jayakar who sought to inveigle him gently into the Hindu Mahasabha fold.

"Some friends are thinking of having a conference of the Hindu Mahasabha in Bombay," Dr. Jayakar wrote. "They have formed a Working Committee and have asked me to accept the place of chairmanship of the reception committee. Personally I feel that there is great need of guiding this movement on the proper lines in Bombay so that it may become a source of cultural and social development of the Hindu community. I have therefore accepted the place. The problems which affect the Hindu community are so varied and complex that we need the co-operation of many cultured, broad-minded social workers, and in that hope the selection of your name has been made."

Sir Purshotamdas had never belonged to a political party, and he was always reluctant to heap on his plate more than he could deal with effectively. Unless the cause was urgent he never allowed himself to be deflected from his main public and parliamentary duties and the conduct of his private business.

In a letter to Dr. Jayakar he tactfully asked to be excused.

"I am afraid," he wrote, "that owing to my acceptance of membership of the Royal Commission, I may be away from Bombay for the best part of a year from now. I should be most reluctant to say 'no' to anything coming from you, but you will yourself realise that the question of a Hindu Sabha meeting is a very delicate one requiring most careful handling, and under the circumstances that I have mentioned above, I am unable to give any thought or time to this. I hope you will not misunderstand and will help me to avoid adding any work to my already overfull commitments."

At this time Sir Purshotamdas counted many prominent political leaders among his personal friends although he did not always see eye to eye with them on many public issues. But political differences never interfered with his personal

friendships and while always listening carefully to their views, he never left them in doubt about his own. As a result he was unusually well informed on the attitudes and reactions of leaders in the main political parties.

In the five years before the summoning of the first Round Table Conference in 1930 the Swarajists in the Central Assembly, under the leadership of Motilal Nehru, pressed repeatedly for the grant of political independence to India. One of the liveliest debates ensued from a resolution for Dominion Status sponsored by Dewan Bahadur T. Rangachariar to which Pandit Motilal Nehru moved an amendment suggesting a Round Table Conference to deal with the question. The amendment was carried.

During the discussion some notable speeches were heard from all sides of the House, and Sir Purshotamdas, speaking as a businessman, made a weighty and original contribution which was appreciated as much for its realism as its patriotism.

"No one," he declared, "is more conscious than I am of the many deficiencies in several directions that India has still to make up before she can attain the stature of a full-fledged nation. But all the same, I trust the singular unanimity of Indian opinion on the subject of constitutional advance will not be lost on Government or on those for whom the Hon'ble Home Member spoke. Whatever hair-splitting may be done by those who revel in nice points of constitutionalism, to me, as a businessman, speaking for the Indian commercial community, there is no mystery about the issues involved in the amendment of the Hon'ble Pandit Motilal Nehru. And the clear issue is that the whole of India is dissatisfied with the existing constitution, and the assurance for improvement of that constitution and the rate of progress promised in the existing Act no longer suffice either for the practical exigencies of the situation or for meeting the legitimate aspirations and claims of the people of this country."

In his resolution Rangachariar had suggested the appointment of a Royal Commission to revise the Government of India Act of 1919 so as to provide Dominion Status and provincial autonomy. Motilal Nehru's amendment required that the Governor-General should call a representative Round

Table Conference at an early date to recommend, with due regard to the rights and interests of important minorities, a constitutional scheme vesting full responsible government in India.

Sir Purshotamdas felt that the Swarajists' amendment was eminently practicable and reasonable. His own experience on official committees and commissions had been none too happy, and he could hardly blame the Swarajists for not taking the Government's assurance on trust. Sir Purshotamdas was particularly riled by the statement made from the Government benches that British commerce and industry would suffer in a self-governing India. His riposte left the officials and representatives of British commercial interests in the House squirming uneasily.

"The possibility of any talk of English commerce or industry or vested interests suffering by granting responsible government to India is altogether imaginary, except under one condition and that is that there are no special privileges, no exclusive rights and no monopolies enjoyed by the British merchants here at present," observed Sir Purshotamdas. "I presume that the representatives of British commerce in India are prepared today to declare that none of the privileges that they enjoy are unfair or exceptional. If that were so, the distrust of the Indian legislature indicated in such comments is altogether unworthy of the attitude which one great country should have towards another."

Equally effectively he demolished the official plea that the future of the services would be uncertain in an independent India.

"Do the services exist for India?" asked Sir Purshotamdas, "or does India exist for the services?"

No one, he said, would deny that the services had done magnificent work in the past. No one desired that there should be any breach of contract with any member of the services who had come to India. It had even been provided that if any member of the services suffered any sentimental distress in accommodating himself to the new ideas which must prevail in the future such officers could resign and leave the country under the scheme of proportionate pension.



Finally Sir Purshotamdas answered the veiled insinuation that a businessman had no place in politics.

"Sir," he said, "if there are any qualified members on the Government benches who are surprised that everyone today is trooping into the political lobby, if there are any of them who cannot understand why I, representing the commercial community, not only take this part in politics, but am also willing to stand by the demand which has been formulated in the amendment of the Hon'ble Pandit Motilal Nehru, for their benefit, may I explain the situation as I understand it? There was a time in my youth when I heard serious discussions as to whether social reform should not precede political reform. I recollect earnest men pointing out to their fellow countrymen in India that the caste system had to be ended before we could think of any constitutional improvement politically. I also remember in those days during the earlier sessions of the Indian National Congress, parallel propaganda on many a noble object of national improvement such as social reform, temperance and industrial advancement, for each of which there was an organised institution and an annual conference.

"So far as the commercial community was concerned in my youth, I was instructed by elder businessmen in Bombay that it was not for the businessman to bother about politics and we had the example of an eminent man — whose efforts had materialised in wonderful industrial achievement for this country in so many directions — the late Mr. Jamsetjee Tata, who, till the last day of his life, abstained from political activities and gatherings of any kind. From this ideal which involved leaving alone the political field, how is it that today everyone is bent on asking for improvement in the constitutional machinery governing this country and for a very large chunk of improvement without delay? Sir, the explanation is not very far to seek. All those who desired achievements for their country in the various fields mentioned before, made their best efforts and found after a little time that they could not go further; that after they had gone some distance they were faced with a very big wall which they were unable to scale; that the co-ordination of the national efforts in different directions, which could only proceed from

a co-ordination imposed from the Centre, was lacking. Many men honestly believed in utilising every method that was available to secure a little more elbow room for those lines of national activities which they considered good for their country, and they could not secure very much.

"Representations were made, efforts were made in the Council after the Minto-Morley Reforms. In the subsequent constitution, I have personally known a good many earnest minds exert themselves very much to secure this end and the other national end, but they have all come back and reported that until there was a more radical change at the Centre nothing could be secured. Sir, everyone who wishes to see this country great and self-sufficient in one direction or the other has come back with the general slogan that Swaraj is the only solution and those of us who were brought into the political field, with which we did not start, can only wish that the changes which are necessary in the constitution should be secured in the best atmosphere and with the largest amount of give and take and with general satisfaction all round. This at present seems difficult except by a Round Table Conference consisting of all interests."

Expenditure in any form was another matter which always engrossed Sir Purshotamdas's attention and in the course of a debate on the budget in March 1927 he seized the opportunity to make some telling observations on the military expenditure of the Government of India. It was a speech which created a deep impression not only in the legislature but outside the country where it stirred both comment and thought.

Sir Purshotamdas opened his barrage by declaring that the military expenditure of the Central Government was one which stood out pre-eminent as compared with the extraordinarily superficial powers which the House exercised on one of the largest spending departments of the administration.

"According to the budget figures," he declared, "the Army estimate is put at Rs. 54.92 crores this year, although the only amount which is subject to the vote of this House is Rs. 5.98 lakhs, just under one-tenth of one per cent. of the total expenditure on the Military Department of the Government of India. Even supposing this House wanted to show its

utmost dissatisfaction with either the policy or any of the details of the Military Department, we could not touch more than one-tenth of one per cent. of the total military expenditure."

Speaking on the proposed constitution of a Navy for India, Sir Purshotamdas touched again on this aspect of power without responsibility which the Government enjoyed *vis-à-vis* the House.

"I wonder, Sir," he said, "whether we want any Navy for India which can be outside the vote of this House and which could not be touched in point of its annual expenditure. I understand that a Bill in connection with this Royal Indian Navy will be brought up later at the Simla session. But I cannot let this opportunity pass without putting on record, at any rate, as my personal opinion, that I would have no paraphernalia added to the Military Department if it is not subject to the vote of this House. I would rather go without any Navy or any Air Force or any part of the armament required for the defence of India if this Assembly cannot be trusted by Government to vote the necessary money for it on the merits of such requirements. I see from the *Indian Daily Mail* of March 9 that in reply to a question asked in Parliament 'Whether if the Legislative Assembly did not do what the Government wanted, the Viceroy would have the authority to override the Assembly', the Speaker intervened and saved the Government member from having to give a reply which might have led us into what is intended.

"Whilst I yield to none in my aspiration for a Navy for India, I strongly feel that it would be wrong for this House to sanction anything which in point of expenditure would be outside the reach of this House. It is bad enough to have the military expenditure of Rs. 55 crores outside the reach of this House and to have only Rs. 5 lakhs submitted to us for our vote. We have more than enough to do before we can get Great Britain and the Cabinet to remove this unnatural financial handicap. But we do not want a single pie more added to it by our vote for creating a special Royal Indian Navy or anything else; nor even, Sir, with the temptation and inducement that a few Indians may find employment there.

I, therefore, feel that at the very first opportunity available, I should like to put on record — and I hope that it will have the endorsement of this side of the House at least — that we want no addition to our Military Department if we are not to vote money for it."

He returned to this theme two years later when the Legislative Assembly was considering the Indian Finance Bill pointing out that while on the one hand restrictions were placed on the military activity of Indians in defence of their motherland and a full military career denied them, the Government was draining India of huge resources in the form of military expenditure. "No words sufficiently strong can be found to express condemnation of this policy," he declared. "It is for this reason that the House found every elected member and even a few nominated members united in throwing out the votable section of the military grant, which amounts to less than Rs. 56 crores, the balance of Rs. 55.94 crores being outside the vote of this House. Is it any wonder that the feeling of exasperation on the part of Indians should increase from day to day while the Government of India persist in their policy despite such united votes of this House?"

On the Bill itself Sir Purshotamdas's broadside against the Meston settlement which made various financial appointments to the provinces from Central revenues generated a country-wide agitation which was concentrated largely in Bombay and Bengal. Sir Purshotamdas expressed the opinion that these two provinces could not possibly carry on unless the Meston settlement was substantially altered and he pointed out that with the appreciation of India's currency since 1924 there was no doubt that indigenous industries as a whole, with the exception of the jute industry, had suffered. He referred especially to the gold and silver thread industry which at that time employed some two lakhs of workers of high efficiency and technical knowledge in Gujerat, in the United Provinces and in the South. Since the appreciation of the ratio over 1s. 4d. gold this industry had suffered unduly from competition of imports both of real gold thread and artificial gold thread from France and other parts of Europe. While he had ceased for the moment to quarrel about the injustice done to India

by the Government's insistence on maintaining the higher rate Sir Purshotamdas felt that the Government should at least interest itself in seeing that those industries which had taken root in the Indian economy should not suffer. He also referred to the plight of the Ogale Glass Works in the Deccan which had languished for want of support.

In the course of this powerful indictment Sir Purshotamdas retailed an incident which caused a considerable flutter in the House. "A representative of a fairly important indigenous industry called on me yesterday morning," he disclosed. "He said that during the last two years the agents of that industry had succeeded in manufacturing some agricultural implements as good as imported ones. He said that they wanted certain protection in order that they might be able to compete with the imported articles. I recommended him to write to the Commerce Department and ask that department to refer the question to the Tariff Board. This gentleman told me that the Commerce Department insists upon industries in India working at losses for three to five years before they accept *prima facie* proofs justifying applications for protection. Incidentally, it might be mentioned that the only exception to this is the powerful oil industry and its reference to the Tariff Board on the very first application to the Commerce Department."

In Sir Purshotamdas's opinion, illiteracy which then affected 92 per cent. of the population constituted another serious drain on India. His remarks on this subject are interesting for they reveal unusual political acumen and far-sightedness, almost betraying a premonition of the shape of things to come. He warned the Government that illiteracy, by putting a premium on ignorance and spreading discontent, would expose India to Communist ideas. But, he went on to say, he dreaded no form of Bolshevism or Communistic tendencies so much as those created within the land from the poverty and abject misery of the masses.

Education was then, as it now is, the particular charge of provincial ministries, and these ministries, while eager to extend literacy, were deprived of the financial wherewithal to enable them to do so. Under the Government of India Act

of 1919 education was a transferred subject being in charge of a minister drawn from the ranks of the elected members but finance, even provincial finance, was a reserved subject being in the special charge of an official responsible only to the Governor. Commenting on this anomaly Sir Purshotamdas pointed out that this state of affairs could only be stopped if the people themselves were allowed to mould their own destinies with full responsibility to their own countrymen.

Many of the speeches he made in this period are remarkable for the prescience they show, and in the light of Pandit Jawaharlal Nehru's post-independence call to the country to work hard and ceaselessly it is illuminating to recall what Sir Purshotamdas said as far back as 1929. "I do not expect rivers of gold and silver to flow immediately after responsible government is established," he observed. "As a matter of fact, I feel that the real struggle between the illiterate masses and those who are pleading for them today will begin after responsible government is established. The best brains of the country will have to work long and hard at nation-building for several years to come after we become masters in our own house to bring about the correct mentality. The most whole-hearted assistance of the Britisher in India will be required then and it is because I do not want any further estrangement between Great Britain and India that I feel that I should at this juncture, appeal to the best instincts of Great Britain for the realisation that the time of trusteeship is over, that the time to play the friend to India has arrived."

Prophetic thoughts which the future was to unfold in action.

## II

### *Banking Reforms*

IN 1930 Sir Purshotamdas was 51, and in the following decade his activities were to touch the country's life, political and economic, at many important points. The Congress boycott of the legislatures saw the Indian Merchants' Chamber following suit, and commerce and the country were thereby deprived of the presence in the Central Assembly of a vigorous and ever vigilant spokesman.

Sir Purshotamdas's withdrawal from the Assembly left him with more time to devote to other important and equally useful activities. His was never a temperament attuned to placid ease. He chafed at inactivity, and the taste of parliamentary life which New Delhi and Simla had given him left him restive and eager for fresh fields and pastures new.

During the next ten years he was to have ample scope for his many-sided talents. The period witnessed the Round Table Conferences, the appointment of the Indian Banking Inquiry Committee, the inauguration of the Reserve Bank, Indo-British trade negotiations, and a quickening in the tempo of Sir Purshotamdas's own business activities as evidenced in his being a director on the boards of nearly 69 companies, a distinction which he shared with that commercial octopus, the late Mr. F. E. Dinshaw.

Sir Purshotamdas was now resident in a house of his own — 'Suneeta', a palatial mansion which had attracted his wife's fancy and which he had purchased from Mr. R. D. Tata, father of the present chairman of the House of Tata. To 'Suneeta' there came daily a long trek of visitors — politicians, officials, industrialists and businessmen, an endless cavalcade who bore witness to the versatile interests of their host.

Shortly after Sir Purshotamdas's withdrawal from the Central Assembly, his services were requisitioned as a member

of the Indian Banking Inquiry Committee. Here was another field on which he had long focussed his attention and study.

India's banking system can conveniently be divided into two parts — indigenous and European. Although the origin of the former is remote and obscure it is established that very many centuries ago shroffs or local bankers conducted financial transactions on a comparatively large scale at the chief commercial centres, operating through means of *hundis* or bills of exchange. According to the *Imperial Gazetteer* they "conducted large transactions at the chief commercial centres and at the courts of native rulers, to whom they sometimes acted in the capacity of finance ministers. Even in times of trouble and anarchy their persons were usually respected. Their credit stood so high that their *hundis* were negotiable throughout the country and often beyond the bounds of India." Shroffs still play an important part in the country's banking system, particularly in the remoter districts.

Banking on the European model was only formally established in the 19th century. As far back as 1863 the idea of a central banking establishment for British India was the subject of a minute by Mr. James Wilson, the then Finance Member. In 1867 Mr. Dixon, the well-known secretary of the Bank of Bengal, submitted proposals for an amalgamation of the three presidency banks of Bengal, Bombay and Madras, and on various later occasions culminating with the investigation of the Commission on Indian Finance and Currency in 1913 headed by Austen Chamberlain the matter was brought forward and discussed, though inconclusively.

On the popular side the demand for a banking system on organised lines was almost equally old for at the first Industrial Conference held in 1890 it was stated that "no fact in the economic condition of this country arrests more forcibly our attention than the contrast presented by the hoards of unused capital stored up in the vaults of the presidency and other exchange banks and the high premium Government securities command on the one side and on the other the utter paralysis of industry in rural India due to the poverty of the resources of the classes engaged in the production of wealth." The Conference went on to observe that it appeared as if some



impenetrable barrier was intercepting the overflow of wealth and was barring the channels of communication between the reservoirs of capital on the one side and the "parched fields of industry" on the other.

The Chamberlain Commission urged the appointment of a committee to study certain questions connected with banking but the outbreak of the first world war prevented progress. In the last year of the war, however, the Industrial Conference again urged the appointment "at the earliest possible date of an expert committee to consider what additional banking facilities are necessary for the initial and the current finance of industries". Five years later, Mr. (later Sir) Bhupendra Nath Sarma moved a resolution pressing for the appointment of a banking committee, and in 1924 the External Capital Committee again drew the attention of the authorities to the vast stores of dormant capital awaiting development. "In order to make these available for investment," it observed, "facilities should be increased and extended. We should emphasise the importance of a co-ordinated survey being undertaken at the earliest opportunity of the whole field of banking in India."

Earlier in January 1921 a milestone in the history of Indian banking was reached with the formation of the Imperial Bank of India by the amalgamation of the three presidency banks of Bengal, Bombay and Madras. Sir Purshotamdas was closely associated with the next probe into the currency system of the country as a member of the Royal Commission on Indian Currency and Finance which began its labours late in November 1925 concluding them in July 1926. It will be recalled that the majority report recommended that the central banking functions should be entrusted to a new organisation referred to as the Reserve Bank although Sir Purshotamdas himself favoured the conversion in time of the Imperial Bank into a Central Bank. After examining replies from the provincial governments, the Central Government decided that it would be advisable to postpone further inquiry into the field of banking until the Reserve Bank was established and some experience of its working had been gained.

The Reserve Bank Bill which was published in January

1928 was, however, rejected by the Legislative Assembly and subsequently withdrawn. In April of the same year the Royal Commission on Agriculture presided over by Lord Linlithgow who was later to be Viceroy of India, presented its report, an important part of which stressed the need for developing rural credit facilities. The juxtaposition of these two developments coupled with the resolutions passed by the Associated Chambers of Commerce and the Federation of Indian Chambers of Commerce and Industry finally induced the Government to embark on a comprehensive banking inquiry.

On July 22, 1929 a 21-member committee headed by Sir Bhupendranath Mitra was appointed by the Government to go into all aspects of banking in India. Sir Purshotamdas was Vice-Chairman and for some time in the absence of Sir Bhupendranath he acted as the Committee's Chairman.

The investigation was detailed and exhaustive and covered virtually every field of Indian banking. Apart from the Imperial Bank of India, banks on the European system comprised three classes — joint stock banks, specialised banks such as co-operative and industrial banks and the exchange banks. It was on the last category that Sir Purshotamdas's attention was specially concentrated for at that time the banks carrying on exchange business in India were merely branch agencies of banks having their head offices in London, on the continent or in the Far East and the United States. While originally the business of these institutions was confined almost exclusively to the financing of India's external trade, in more recent years the majority of them, while continuing to finance this part of India's trade, had also taken an active part in the financing of internal trade.

They thus exercised what might virtually be called a financial hold on the country's import and export trade. The financing of import and export trade in the hands of the foreign exchange banks gave a virtual monopoly to foreign import and export houses at the expense of their Indian competitors. At one time these banks carried on their operations in India almost entirely with money borrowed outside, principally in London but later they discovered that it was possible to attract deposits in India on quite as favourable

terms as they could in London. As a result, a very large proportion of the financing done by the exchange banks was carried through by means of money actually borrowed in India.

With a miscellaneous membership of 21 individuals, many of whom had their own strong opinions on the future of indigenous banking, it was not surprising that the Committee should have failed to present a unanimous report. Yet it is significant that all its recommendations were based on one fundamental assumption—that the administration of the provinces and the Central Government would be in the hands of ministers fully responsible to their respective legislatures. The report as a whole contained innumerable recommendations covering all aspects of Indian banking and its development. It was subject, however, to three minutes of dissent.

The first of these was by Mr. Ramdas Pantulu who dealt with indigenous bankers while the second was by Mr. Nalini Ranjan Sarkar and was concerned mainly with the financing of foreign trade as also with the financial needs of industries. The third was signed by six members headed by Sir Purshotamdas and dealt mainly with the financing of foreign trade. There was also a separate report of a voluminous character, "a tome by itself" as it was described, by Mr. Manu Subedar.

The minute of dissent which carried Sir Purshotamdas's signature also bore his unmistakable imprint and was obviously his inspired handiwork. Dealing as it did with the financing of foreign trade it was in the main an indictment against the monopoly exercised by the exchange banks. "Speaking from the point of trade alone," the majority report had stated, "it may be said that the facilities available at present for financing India's foreign trade, both imports and exports, are sufficient." Sir Purshotamdas and his five colleagues challenged this premise. The majority also held that the interests of trade alone did not need the immediate establishment of an Indian exchange bank, strong enough to compete successfully with the foreign institutions. Sir Purshotamdas's team dissented strongly from this view.

According to Sir Purshotamdas, the Committee could not lightly dismiss the phenomenon of the exchange banks being

virtually a foreign monopoly. Why, he pertinently inquired, was the foreign trade of the country so predominantly in the hands of non-nationals. The answer to him lay in the fact that its import and export trade was dominated by the non-national exchange banks. He refused to accept the plea that Indians had not sufficient enterprise to compete with foreigners in respect of commerce, either internal or external, on anything approaching fair and competitive terms. "What is it then that has led to the virtual concentration of the entire foreign trade of India during the last hundred years in the hands of non-Indians?" he inquired. According to him the two main causes for this state of affairs were that the control of shipping and banking facilities was very largely at the mercy of non-Indians, and he was of the opinion that the concentration of foreign trade finance in the hands of banks controlled and run by non-nationals constituted the major threat.

Here again, as in the minority reports which he signed in the Acworth and Inchcape Committees and the Hilton Young Commission, his views were closely and cogently argued. Banking, he insisted, reflected in a great measure a country's moral condition. It was wrong to suggest that the indigenous banker was a rapacious and dishonest individual. As Sir Purshotamdas pointed out, the dishonouring of a *hundi* was and in fact still is an event of extremely rare occurrence with the shroffs. The indigenous system no doubt had its deficiencies as all systems had, but it was essential in the rural areas and undoubtedly constituted the readiest and often the only means of providing money in small doses for the small agriculturist and the minor industrialist. Sir Purshotamdas was not unaware that some of the Indian ventures into joint stock banking had come to a sorry end but many of the early banks even when under European management had failed after a few years, and in 1900 the total paid-up capital of all the principal joint stock companies in India only amounted to about Rs. 82 lakhs.

In 1906, coinciding with the swadeshi movement, indigenous joint stock banking expanded rapidly. The investing habit was not at that time widely popular in India and some of the banks undoubtedly indulged in unwarranted expansion and

speculation undertaking various types of business including industrial financing. As a result indigenous joint stock banking, after expanding rapidly, collapsed precipitately between 1913 and 1917. But after 1918 a great revival of banking took place and Indian banking has functioned on a comparatively even keel since then marred only by the failure of the Travancore National and Quilon Bank in June 1938.

To this problem as to other economic and political problems Sir Purshotamdas brought not only positive purpose but refreshing realism. Here as in other fields he was well aware of the defects and deficiencies of the indigenous system but he refused to allow this to be made an excuse for continuing to concentrate a vital monopoly in foreign hands. He therefore insisted on the immediate establishment of an Indian exchange bank, and after listing the various acts of omission and commission by the foreign counterparts demanded that a solution of this highly involved position must be sought without delay.

As a first step he along with his colleagues suggested the immediate setting up of an exchange bank with a capital of Rs. 3 crores, the entire amount being taken up by the State. The bank should be allowed to finance the country's export and import trade in the same manner as the exchange banks, thereby enabling Indians to secure their legitimate share in the financing of foreign trade. These recommendations coincided with the constitutional talks in London proceeding under the aegis of the Round Table Conference and the coincidence rendered the task of Sir Purshotamdas and his colleagues the more difficult, a fact which they freely conceded in the concluding paragraphs of their minute.

"The final stage of our inquiry," they noted, "has synchronised with the eve of the constitutional reform for India, and to that extent we can be said to be at a real disadvantage in making our recommendations for the future. We have got over the embarrassment of this situation to a certain extent by agreeing amongst ourselves at the very start to envisage a common angle of vision, namely that the fundamental basis for making our recommendations should be that the administration of the provinces and the Central Government should be in the hands of Ministers fully responsible to the respective

legislatures. In fact, this understanding forms the preface of the report. To the extent of any changes that may take place in this assumption of ours, our recommendations in the main report, as well as in this minute, will necessarily require modifications. But in connection with the Reserve Bank, our position has been further complicated by the fact that, in view of the tentative proposals which emerged at the first Round Table Conference, the Chairman thought it necessary to give a ruling which prevented us from discussing the details of the constitution of the Reserve Bank.

"Although we are unable to appreciate the necessity, or, the justification, for ruling out the consideration of the question by the Committee, we respected the ruling. But we cannot help recording that in our opinion this Committee were not only entitled, but owed it as their duty to discuss the constitution of the Central Bank which, in the Finance Minister's words, is 'essentially the crown of the whole banking system in its widest sense'. We fear that the omission by this Committee to indicate the constitution and structure of the Reserve Bank after it has examined and reviewed the needs of India in regard to banking in the rural and urban areas, in the field of commerce and industry and in the sphere of internal and foreign trade cannot but be regarded by the public as a conspicuous gap in our picture of the banking system which India needs in the future.

"If it was apprehended that any political considerations were involved in the process of considering the details of the Reserve Bank, all that we can say is that such considerations might be no more inseparable from this problem than they were from many other problems dealt with in the rest of the report. The responsibility for the avoidable void in the report is, however, not ours, and such justification as there may be for it has to come from the Chairman."

Notwithstanding the fact that the Committee was divided, its report as a whole including the minute of dissent by Sir Purshotamdas and his colleagues is a rich store-house of economic data which has since been drawn upon heavily both by the Government as also by students of economics. The chapters on rural finance in particular, a subject to which

Sir Purshotamdas was to return with renewed vigour many years later, truly and solidly laid the foundation for some of the major financial measures that India's independent Government has taken to put the country's rural economy on a sounder footing. Thus, although the fruits were not immediately discernible, the report provided much fertile soil for subsequent thought and action.

Of the Committee's many stimulating recommendations two deserve special notice. The first related to the creation of a Central Bank, an idea, it is interesting to note, canvassed as far back as 1913 by Mr. John Maynard Keynes who was a member of the Chamberlain Commission. In a memorandum annexed to the report of that body, Keynes had advocated the formation of a strong Central Bank to which some of the functions of the independent treasuries, as the three presidency banks of Bengal, Bombay and Madras were known, could be transferred. Moreover he had argued with a wealth of persuasive detail that the paper currency issue should be rendered more elastic and that a bank could perform the function of currency control better than a government office, an exchange bank acting as a bankers' bank on the lines of the Bank of England. Such an institution could specially help in developing the co-operative movement as also industrial development by providing facilities for the central co-operative banks and any other industrial banks that might be started.

The recommendation of the Sarma Committee for the establishment of a Central Bank, which Sir Purshotamdas strongly advocated, was to be reinforced not long afterwards by the weighty support of the White Paper on Indian Constitutional Reforms, 1933 and was implemented by the establishment of the Reserve Bank of India in April 1935.

The second recommendation of the Committee, which was to fructify in later years, concerned the reform of the law relating to the banks in India. It undoubtedly provided the inspiration for the amendment of the Indian Companies Act in 1936 which in turn generated a further instalment of reforms on the same lines with the submission of the Reserve Bank's "Proposals for an Indian Bank Act" which New Delhi released for public comment in January 1940.

With the inauguration of the Reserve Bank in 1935, commercial banking in India entered upon a new phase of growth and strength. The fillip that this provided in the first five years was striking, the total number of scheduled banks increasing from 49 at the end of 1935 to 62 by the end of 1940 while their total deposits rose from Rs. 220.6 crores to Rs. 275.55 crores. Another stimulating result was the rapid spread of branch banking.

Sir Purshotamdas's contributions to these developments reveal an interesting facet of his mind. They show his capacity not only for analysis but for assimilation since it is clear that he saw the growth of Indian banking even in those days, not as something separate and distinctive but as part of the ordered pattern of the country's economic and financial development and expansion. To analyse a problem clearly calls for knowledge and a high sense of discernment. To integrate it to other related problems of economics and finance reveals a talent not only to see things clearly but to see them whole.



## Round Table Conference

THROUGHOUT the latter half of the twenties the tide of political feeling in the country was mounting slowly. In September 1925 the Legislative Assembly had adopted by a large majority an amendment moved by Pandit Motilal Nehru which in effect demanded the convening of a Round Table Conference for the preparation of an agreed constitutional scheme for India, and Sir Purshotamdas had supported the amendment in a telling speech.

A British blunder was shortly to unite the main political parties in India, albeit temporarily. This was the appointment of the Simon Commission in November 1927. Headed by Sir John Simon (later Lord Simon) the seven-man commission which incidentally included Mr. (now Lord) Attlee contained not a single Indian member. This studied omission infuriated Indian feeling which mobilised in boycott of the Commission, and Sir Purshotamdas was among those who associated himself with the movement.

The Commission's report, published in June 1930, was still-born, for developments in India had clearly overtaken the laboured conclusions of that body. Even before the publication of the report, in October 1929 the Viceroy, Lord Irwin, had indicated in a statement that the best method of settling the Indian political question was to hold a conference where Indian delegates and responsible British spokesmen should discuss the question and find a proper solution. Lord Irwin also declared on behalf of His Majesty's Government that the natural issue of India's constitutional progress was the attainment of Dominion Status.

In December 1929 the Congress, meeting at Lahore under the Presidentship of Jawaharlal Nehru, adopted complete independence as the political objective of India, and not long

after, on March 12, 1930, Gandhiji began his historic march to Dandi which signalised the beginning of another civil disobedience movement.

Meanwhile the Government had been contemplating the holding of a Round Table Conference on the lines indicated in Lord Irwin's October statement. In May 1930 the Viceroy made another announcement stating that the Round Table Conference would be held in London as arranged, and on November 12 of that year it was inaugurated by King George V.

The Congress, even before it was immobilised with its leaders in jail, had refused to attend the Conference. In December 1929 Gandhiji with Motilal Nehru had met Lord Irwin who had expressed his inability to comply with the Congress demand that Dominion Status should be granted immediately and that the Conference should meet on that basis.

Sir Purshotamdas did not attend the first meeting of the R. T. C., for shortly after Lord Irwin's announcement, the committee of the Federation of Indian Chambers of Commerce passed a resolution on May 16, 1930 withholding its co-operation unless the conference was attended by Gandhiji or had his approval. Contrary to general expectations the first session of the Conference was not altogether infructuous for from it emerged the idea of a federation which all the parties present, including the Princes, supported though for different reasons and with varying enthusiasm.

On January 25, 1931, the members of the Congress Working Committee were unconditionally released, and shortly after Gandhiji entered into negotiations with the Viceroy which culminated in the celebrated Gandhi-Irwin Pact. Lord Irwin retired in April and although differences arose between his successor, Lord Willingdon, and the Mahatma on the interpretation of the Pact, these were temporarily patched up and Gandhiji sailed for London on August 29 as the sole representative of the Congress.

Earlier on April 5, following the conclusion of the Gandhi-Irwin Pact, the committee of the Federation of Indian Chambers of Commerce had decided that the Federation

should be represented at the Conference, and on the basis that its representation would be limited to three, had nominated Sir Purshotamdas, Mr. G. D. Birla and Mr. Jamal Mohamed as its spokesmen. They were instructed generally to follow Gandhiji's lead.

The Federation, as a result of some correspondence with the Government, was under the impression that the Viceroy had tacitly accepted its nominees but only Sir Purshotamdas's name appeared when the announcement was made. The committee refused to accept this position, and further negotiations continued, the Government yielding finally. While in London Sir Purshotamdas gathered the impression that New Delhi's original action was dictated by Whitehall where the influence of British business interests operating in India was considerable.

Politics overshadowed economics at the second Round Table Conference. The failure of the major communities to reach an agreement led to the imposition of a communal award by the British Government in August 1932 although this was to be modified so far as the Depressed Classes were concerned by Gandhiji's historic fast in September. On the economic front progress was equally discouraging. The question of financial safeguards, of commercial discrimination, the status of the rupee following the British Government's decision to go off the gold standard, and proposals for the establishment of a Reserve Bank — all these issues and more figured in the discussions at the second session.

As a representative of the Federation Sir Purshotamdas was naturally more directly concerned with economic matters than with political. But even on the political plane his counsel and assistance were sought, not by Gandhiji alone but by various other members. Sir Purshotamdas occupied a position at once enviable and difficult. Having no party affiliations he had more room for independent action and manoeuvre but simultaneously he was armed with no sanctions save those of the Federation. While his ability, patriotism and disinterestedness often brought him to the centre of the stage, his place as a non-party man belonged to the periphery. It is a measure of the esteem and respect he was held in that he was more

often near the centre of things than away.

This general regard for his intellectual integrity and independence was demonstrated literally on his arrival in London. On descending from the boat train at Victoria Station Sir Purshotamdas found a messenger from the Mahatma awaiting him. Gandhiji desired his immediate presence.

Almost from the day of his own arrival in England on September 12 Gandhiji had immersed himself in the Hindu-Muslim question. The work of the Conference was done mainly through two sub-committees—the Federal Structure Sub-Committee and the Minorities Sub-Committee, of both of which Gandhiji was a member. Sir Purshotamdas incidentally was a member of the Federal Structure Sub-Committee, Mr. G. D. Birla being a member of the Minorities Sub-Committee.

At the time of Sir Purshotamdas's arrival in London the Mahatma was attempting to evolve an agreed solution to be ratified by the Hindus, Muslims and other minorities thereby rendering superfluous the intervention of the British Government. He soon discovered that not only were certain Muslim elements difficult but that some Hindu spokesmen, notably Pandit Madan Mohan Malaviya, Dr. M. R. Jayakar and Dr. B. S. Moonjee, were obdurate. With the exception of the Sikhs, all the minorities including the Depressed Classes were insisting on separate electorates and were demanding representation in the legislatures out of all proportion to their numerical strength. While Gandhiji was willing to make some concessions by reducing the so-called Hindu caste representation in order to accommodate the Muslims, Sikhs and other minorities, Malaviya with his colleagues was strongly opposed to the move.

Sir Purshotamdas met the Mahatma at the latter's working office in South Kensington which consisted of a flat lent to him by Sir Charles Trevelyan, a Labour M.P.

The Mahatma explained his difficulties.

"Will you," he asked Sir Purshotamdas, "go to Malaviyaji and see if you cannot persuade him to change his stand?"

Sir Purshotamdas was a little taken aback by this request for he had no idea that the Mahatma attached any great

importance to his personal or political influence. But he agreed to go.

He found Malaviya in no mood to compromise and discovered that propping him up in his obduracy were not only Jayakar and Moonjee but an ex-Governor of the Central Provinces, Mr. M. B. Tambe.

"Instead of coming to an arrangement with the Muslims," said Malaviya, "why not accept the arbitration of the British Prime Minister?"

Sir Purshotamdas was shocked by the suggestion and as usual spoke his mind bluntly.

"I can be no party to this," he told Malaviya. "I will never agree to handing over the initiative for what we can do among ourselves to the British Government."

Not long after, the Aga Khan who was the chief Muslim spokesman invited Gandhiji and a few other Conference representatives, including Sir Purshotamdas, to meet His Highness's Muslim colleagues at the Ritz Hotel where he was staying.

"Mahatmaji," said the Aga Khan, "let's join hands, and united we will take our marching orders from you."

But Gandhiji appeared unwilling to do so unless he could carry Pandit Malaviya with him. And Malaviya would not concur. Instead he sent a communication to Ramsay MacDonald, the Prime Minister, authorising him to arbitrate on the Hindu-Muslim question. Thus Malaviya cannot be absolved from blame for the subsequent widening rift between Hindus and Muslims.

Malaviya approached Sir Purshotamdas for his signature to the document he was sending to Ramsay MacDonald. But Sir Purshotamdas resolutely refused.

"I must tell you," he warned Malaviya, "that you and your friends will regret this step for years to come."

So it proved. The Minorities Committee, which adjourned first on September 28 at the Mahatma's request, was to be adjourned thrice—for five weeks on the third occasion—to facilitate the negotiations initiated by the majority and minority communities. But already on the third occasion, on October 8, Gandhiji had confessed failure. What followed the

British Government's Communal Award of August 17, 1932 is part of modern Indian history. The communal fissures it deepened, particularly between the Hindus and the Muslims, were to culminate fifteen years later in the creation of Pakistan.

As a member of the Federal Structure Committee — one of the two key committees, the other being the Minorities Committee — Sir Purshotamdas found his time and attention fully occupied. Heading this Committee was Lord Peel, a former Tory Secretary of State for India, with whom Sir Purshotamdas had a brush quite early in the proceedings.

It happened that Sir Abdul Halim Ghuznavi was addressing the Committee opposing certain views which Sir Purshotamdas had earlier expressed. In doing so Sir Abdul proceeded on a wrong assumption, and since the assumption was attributed to Sir Purshotamdas the latter intervened to correct him.

For some incomprehensible reason this annoyed Lord Peel.

"You should not bully members when they are speaking," warned His Lordship.

This unusual remonstrance in turn greatly annoyed Sir Purshotamdas who retorted spiritedly.

"Is the Chairman," he inquired, "impartial when he chooses thus to pull up a member when he was only correcting a speaker's statement which referred to him? If this is bullying," continued Sir Purshotamdas, "I do not know what word to use to describe the methods exercised on Indian spokesmen by various British delegates and representatives of His Majesty's Government at the Conference."

The barb registered, and when he ended by declaring that unless the Chairman withdrew his remarks he could not trust him to treat the members fairly, something of near-consternation spread in the official British ranks of the Committee.

Two ex-Viceroy, Lord Reading and Lord Irwin, privately counselled Lord Peel to withdraw his remarks which he did promptly.

Sir Purshotamdas's work at the Conference was by no means confined to the Federal Structure Committee which sat longer than any other committee. He was busy almost every day with informal discussions, political and economic,

either with his two colleagues or alone. They sat in with Gandhiji during his negotiations with the representatives of European commerce in India who were then pressing for financial safeguards and were adamant on the preservation of their trading rights. There was much lobbying to be done both at St. James Palace where the Conference met and elsewhere and this entailed much time and energy.

One of the first problems which engaged Sir Purshotamdas's attention was the financial impact on India as a result of Britain's going off the gold standard. By the time the Indian delegates reached London the entire atmosphere in Britain had changed for the Labour Party, divided within itself, had fallen and was replaced by a coalition government headed by Ramsay MacDonald who continued as the Prime Minister. Inside MacDonald's cabinet was a strong Conservative element headed by Baldwin, and Sir Samuel Hoare had replaced Captain Wedgwood Benn as Secretary of State for India. The change in the atmosphere was reflected in the proceedings of the Conference.

On September 21 Britain went off the gold standard and this produced two contradictory statements made on behalf of the Government of India on the same day. In the Legislative Assembly at Simla the Finance Member, Sir George Schuster, announced that the Government was providing for the temporary suspension of the statutory application to sell sterling or gold against rupees, thereby implying that the rupee would be left free to take its own course without being tied either to gold or sterling. At the meeting of the Federal Structure Committee in London, however, Sir Samuel Hoare made a different pronouncement declaring that it had been decided to maintain India's currency standard on a sterling basis. When these contradictory announcements were made the only representative of the Federation in London was Mr. Birla who took immediate steps to explain the real position and to organise such opposition to Whitehall's move as was possible in the circumstances. The policy declared by Sir George Schuster at Simla had the support of the Federation which vigorously canvassed this view against that of Whitehall.

Gandhiji who understood little about the mechanics of

international finance was none the less convinced that the matter was of grave import for India and he took the earliest opportunity to protest against the manner in which action had been taken without consultation with the Indian legislature. As a result Sir Samuel Hoare arranged a meeting of a few Indian delegates with the British financial expert, Sir Henry Strakosch. The meeting which took place at the India Office was attended by Gandhiji and although even after listening to Strakosch he was not convinced that what had been done was the right thing, he agreed to suspend judgement for the moment.

The atmosphere changed perceptibly with the arrival of Sir Purshotamdas who immediately joined issue with the India Office on this score.

"How," he asked, "does the India Office reconcile its decision to link the rupee to sterling with the clear recommendation of the last Currency Commission which advised the contrary?"

Sir Purshotamdas also drew attention to the Government's undertaking to purchase gold which they were only willing to do at Rs. 21 odd per tola although the market price was over Rs. 25. The result of this policy, he pointed out, was that large quantities of "distress" gold were being exported from India instead of finding their way to the currency reserve. In Sir Henry Strakosch's opinion, this was no disadvantage and the British expert explained it by saying that since India could not induce the world to accept other things in discharge of her debts she was exporting gold.

Sir Purshotamdas was not easily deterred and he returned vigorously to the charge buttressing up his case with an array of facts and figures. The phenomenal fall in prices had told heavily on the prime grower and he showed how in some instances the grower was not even able to pay his cartage and how generally speaking the country had come to a pass where the burden of distress had almost reached breaking point.

"From that aspect," he asked, "what objection is there to let the rupee be divorced from sterling in order to see if the grower can get a better return in rupees?"

Discussion on these issues continued for several days but



it was obvious to both Sir Purshotamdas and Mr. Birla that the India Office had made up its mind. They were in no mood to leave the rupee alone.

Until now Gandhiji had suspended judgement but after attending three meetings between Sir Purshotamdas's team and the India Office experts he informed Sir Samuel Hoare that his verdict must go against Whitehall. Sir Samuel was blandly polite and Sir Purshotamdas was quick to discern that the discussions were really held more as a courteous gesture to the Mahatma than with any desire to reconcile Indian opinion.

More prolonged but equally heart-breaking were the negotiations with the representatives of European business in India. These concerned mainly the questions of financial safeguards and commercial discrimination. Here Sir Purshotamdas and his colleagues were at a disadvantage for as the leader of the European delegation, Sir (then Mr.) Edward Benthall, later revealed at a meeting of the so-called Calcutta Royalists, the Europeans had the benefit of invaluable advice not only from eminent lawyers and administrators like Sir John Simon and Lord Reading, but "from all principal law officers of the Crown, the India Office and the Foreign Office". They had also the advantage of a well-equipped secretariat. Sir Purshotamdas early realised that here he must contend against great odds and work under severe handicaps but he prepared his brief with characteristic thoroughness and argued it with his usual tenacity and earnestness.

Since the main purpose of the negotiations was to come to an understanding on the question of the rights which European business would enjoy in an independent India, Sir Purshotamdas and his colleagues, as representing Indian commerce and trade, figured prominently in the discussions. From the beginning of these informal talks Gandhiji had stated that he would be no party to racial discrimination, European or Indian. This view the Federation's representatives accepted and such negotiations as proceeded between Gandhiji and themselves on the one hand and Mr. Edward Benthall and Sir Hubert Carr on the other had for their object the devising of a formula which while accepting this principle would make

it clear that it implied no restriction or abrogation of India's right to favour or handicap nationals or non-nationals on economic grounds.

The meetings proved infructuous and no agreement was reached when the Conference ended.

In the Federal Structure Committee itself, Sir Purshotamdas lost no time in making clear the view of the Federation.

"We are all unanimous," he explained, "that we want to exercise no discrimination *qua* racial discrimination, no discrimination against a person or a company because it is a European or a non-Indian company. But surely that does not mean that we shall agree to shut out for ever the power of discrimination both against a non-national and against a national on other grounds more reasonable and more justifiable."

The worst sinner in respect of discrimination, said Sir Purshotamdas, was the Government of India which ever since it was established had been exercising discrimination against Indians in a variety of ways. But two wrongs did not make a right, and he was prepared to follow Gandhiji's exhortation that Indians should never disfigure their statute book by placing upon it anything amounting to discriminatory legislation based either on colour or race.

At the same time he refused to accept Mr. Benthall's one-sided view of discrimination. "Mr. Benthall," remarked Sir Purshotamdas, "says that we are equal partners in a Commonwealth of Nations, and asks us to avoid the risks of discrimination and bitterness. In fact, he asks us to come into an equal partnership, where, if I may use a colloquial phrase, 'what is mine is my own and what is thine is ours jointly'. It would be a partnership in a Commonwealth which has no precedent or parallel."

He summed up the issue pungently. "The result of what Mr. Benthall required," said Sir Purshotamdas, "struck me at any rate as indicating: You shall not touch anything which any Britisher is interested in, and we want provision for it from now. I wish to submit that that is a tall order."

Apart from commercial discrimination the question of financial safeguards figured prominently in the discussions.

Here the situation was delicate for the City of London which paid the piper could call the tune — and did. Sir Purshotamdas and his colleagues were informed by certain prominent British financiers that in the absence of adequate financial safeguards for Britain and British interests it would be impossible to secure a renewal of the loans totalling about £ 67 million that would be maturing within the next seven years. The City would not lend save on its own terms, and it was necessary for India to satisfy Lombard Street of the country's financial stability.

None the less Sir Purshotamdas insisted on defining the principles acceptable to India. In the Federal Structure Committee he explained the necessity for a Finance Minister responsible solely to the legislature.

"No safeguards," he warned, "devised by this Conference in the shape of control from outside India will be acceptable to us."

He favoured the establishment of a Reserve Bank to carry on the day-to-day administration of finance but he stressed that it should be created by an Act of the Indian legislature and should in no way be under either Whitehall or the Bank of England.

For various reasons the discussions on the financial safeguards did not proceed beyond the preliminary stage. Quite early in the proceedings Sir Samuel Hoare had indicated that too detailed discussion of the safeguards at this stage might lead to their assuming a more rigid character later. He advised postponement, and this was done.

Sir Purshotamdas was distressed, at times dismayed by the haphazard manner in which serious issues were treated. Discussion was often desultory and important items were sometimes relegated to the end of the agenda, to be discussed hastily as the session drew to its close.

At the plenary session Sir Purshotamdas referred to this unconscionably amateur way of transacting business.

"The financial safeguards and the commercial discrimination questions," he disclosed, "were both discussed in less than two and a half days and the reports had to be disposed of under the time-table which was laid down for us, within less

than two hours each. I felt so much oppressed by this that I felt it my duty to write to the Lord Chancellor and point out to him that owing to the fact that one report reached us about 8 a.m. and then had to be considered and passed before we rose for lunch the same day, I did not find myself ready to be committed to the report minus the protests which I had got recorded."

As Captain Wedgwood Benn remarked, "The Government appears anxious to bring the whole thing to an end with a Bradshaw in one hand and a stop watch in the other."

Indeed a section of the Conference, inspired by British business interests, was manoeuvring to stampede the delegates back to the Simon Commission report which favoured the introduction of provincial autonomy as a first measure. Attempts were also being made to thrust the communal issue to the forefront so that it would overshadow the constitutional issue. Sir Purshotamdas was among the signatories who on November 6, 1931 addressed a spirited letter of protest to the Prime Minister against these machinations. The letter stated: "It is with deep concern that we hear rumours to the effect that provincial autonomy will be introduced as a first step in the political reconstruction of India, leaving federation and responsibility at the Centre to follow later. We have read the statement to the contrary which appeared in the daily press this morning. The rumours, however, are so strong and persistent that we must ask leave to place our views before you beyond the possibility of doubt. The needs of the present situation can be met only by a complete and comprehensive scheme, of which responsibility at the Federal Centre must be as integral a part as the autonomy of the federating units. To divide the scheme into parts and bring into immediate operation one of the parts and postpone the other is to arouse fears of uncertainty and suspicions of the intentions of the Government.

"We realise the importance of the minorities question, of which no satisfactory solution has yet been found. But at the same time we desire to express our clear opinion that it must not be allowed to block the way of a full and comprehensive scheme of responsible Government, which alone can provide

an adequate settlement of a pressing problem."

Sir Purshotamdas was invariably listened to with attention and respect for while always forthright and imbued in his utterances with a deep sense of patriotism he never strayed from the facts and whatever he said was notable for its studied realism. The speeches he made at the Conference reflect his lucid analytical mind and thought.

As the watchdog of India's financial and economic interests he was always vigilant, his speech before the plenary session on November 30 drawing encomiums even from those who disagreed with him. It constituted a formidable indictment of British rule which condemned India to be tied to the apron strings of the City of London.

"I myself," he declared, "have not the least doubt that the Bank of England would be the one institution from which we would want guidance, but we cannot agree to it being laid anywhere that our Bank (Reserve Bank) should work on lines approved of by either the Bank or for the matter of that, by any Bank. I feel that while we want all the goodwill that we can get from the London money market, that market is not going to lend us money simply because we have a Secretary of State here who has control over Indian affairs.

"The London money market will lend money only if the economic condition of India is sound, only if our budgetary position is balanced, only if things in India are settled down and are going on normally. While I would solicit all the goodwill from the London market and from the Bank of England, I would not agree to any handicap or any safeguard being put on to the Indian constitution for the mere purpose of getting their goodwill. I expect their goodwill to be there, to be available to us as a business proposition whenever we can put before them a proposition which is sound on its own merits and not owing to any artificial trammels like Whitehall controlling our destinies."

He went on to contrast the series of measures initiated in Britain to save Britain from the "economic blizzard" with the utter helplessness of the Government of India in weathering the same crisis, and he asked: "Is the Government of India to be carried on in the same old manner in which it has been

carried on during the last five, ten or twenty years, with protests from the tax-payer, with protests from the commercial community, with protests from the industrialist, with great groans from the agriculturist, for whom everybody is never tired of proclaiming the greatest sympathy? . . . I wish to ask whether when the tune is called by somebody else, it is fair to ask the Legislative Assembly in India to go on paying the piper? Is it fair for you to expect the Assembly, if they realise and understand what is meant by voting crore upon crore of additional taxation, to go on giving you a blank cheque when you do not attend to these very primary objects, for which over here in your country you take swift action without even awaiting to consult anybody outside your Government offices?"

Sir Purshotamdas demanded that if so much was to be made of India's borrowings abroad it was imperatively necessary for His Majesty's Government to instruct the Government of India never to borrow afresh outside India except with the consent and by a definite resolution of the Legislative Assembly.

"May Great Britain," he concluded, "look at the problem which faces her Prime Minister tomorrow, which we have faced here and which we have come to help her to solve, in a manner which will reflect credit and glory on all her statesmen of the past, who by their utterances in the House of Commons gave us hope that Great Britain was prepared to lead India on the path of liberty and freedom."

## *Saving India's Gold*

**B**ETWEEN the second Round Table Conference which ended in November 1931 and the decision to summon a smaller third Round Table Conference (which the Viceroy announced on September 5, 1932 while opening the autumn session of the Indian Legislative Assembly) many events took place. On January 4, 1932 Gandhiji was arrested within a week of his return from Europe. The notorious Benthall Report suggesting an alliance of reactionary forces, British and Indian, against the more progressive elements created a sensation when it was published and aroused much disquiet in nationalist circles. In September Mr. Ramsay MacDonald announced the British Government's Communal Award and this was to be followed soon after by Gandhiji's fast which led to the modification of the Award so far as the depressed classes were concerned.

In the early part of 1932 the British Government sent out to India three committees known respectively as the Franchise Committee, the Federal Finance Committee and the States Inquiry Committee. It was obvious that Whitehall was preparing to change its ground and the new procedure envisaged led to the resignation of Sir Tejbahadur Sapru, Dr. Jayakar and Mr. Narayan Malhar Joshi who were members of the consultative committee which was the working committee of the Round Table Conference. Thereupon the Viceroy made his announcement of a smaller Round Table Conference in which Sir Purshotamdas was included. Along with the other Indian delegates he insisted upon responsibility at the Centre being inaugurated simultaneously with its establishment in the provinces. Otherwise, if it meant merely the establishment of provincial autonomy, it would be going back to the Simon Commission Report.

In March 1933 the British Government released a White

Paper embodying its proposals for Indian constitutional reforms which was presented to both Houses of Parliament, and a joint Parliamentary Committee of the two Houses was appointed to consider the proposals. Arrangements were also made for an Indian delegation representing both the Indian States and the rest of India to appear before this Committee. Sir Purshotamdas was an active member of the delegation which was led by the Aga Khan, and more than once in the course of the tortuous activities and counter-activities that proceeded between May and August 1933 he had reason to regret the boycott both by the Congress and the commercial community which he had so ably represented at the second session.

"If the Congress and the commercial community in India had not adopted the suicidal policy of absenting themselves from these deliberations," he was to recall in later years, "not only would my labours have been considerably reduced, but the Joint Committee and Parliament would have been able to get a truer picture from the Indian members of the Committee, and India would have benefited."

Sir Purshotamdas's able and independent advocacy at the second session had aroused the respect and admiration not only of his Indian colleagues but of the British members. He found on attending the first meeting of the Joint Committee on May 23 that the welcome he received was cordial and even friendly. Both Sir Samuel Hoare and Lord Irwin were among the first to greet him.

"We are very glad to see you here," said Hoare and later introduced him to the Chairman, Lord Linlithgow, who was to be Viceroy of India.

Here, as at the second Round Table Conference, Sir Purshotamdas was accepted as the natural spokesman on behalf of India's economic and financial interests. The proceedings of the Joint Committee began with a speech by Sir Tejbahadur Sapru in which he presented the Indian case from the constitutional and political angles. He was followed by Sir Purshotamdas who confined his speech to commercial and business matters. Addressing the representatives of the Indian States delegation, Sir Purshotamdas remarked that he expected



no difference of opinion from them in the views he had expressed and he asked them to let him know whenever such differences arose so that he might be able to carry on the debate on behalf and in the name of the entire Indian delegation representative of princely and provincial India. On behalf of the States delegation Sir Manubhai Mehta agreed.

Sir Purshotamdas's speech evoked lively interest not least among the more die-hard British representatives, notably Lord Salisbury. This Tory peer unknown to Sir Purshotamdas took a seat behind him to follow him the more closely. At the end of about twenty minutes' speech Sir Purshotamdas felt that his voice would benefit by a little water and turning round, expecting that the secretary was sitting behind him, he said: "Would you kindly get me some water?"

Lord Salisbury, to whom this remark was inadvertently addressed, instantly replied, "Certainly," and had the glass fetched.

The same evening Sir Purshotamdas went with Sapru to the Ritz Hotel to call on the Aga Khan who desired to discuss with them the outlook facing the Indian delegation. They had an hour's conversation and Sir Purshotamdas was impressed by much of what the Aga Khan said as also by the persuasive manner in which he said it.

"I am strongly of the opinion," said His Highness, "that we should adopt and continue the policy of the Indian delegation as a whole meeting and discussing things which are to come before the Committee so that the views of the various groups may be known to one another."

Both Purshotamdas and Sapru cordially agreed, and the Aga Khan thereupon emphasised the necessity of their pressing for a substantial change in army affairs and suggested that they should insist on a definite scheme of Indianisation.

"Why," remarked the Aga Khan, "should we not suggest that the irregular troops maintained by the Indian States be transferred to the Federal Government so that they can be trained efficiently? These irregular troops," he continued, "armed with weapons which are mostly out of date are nothing but a waste of money and energy."

To this also both Sapru and Purshotamdas agreed but on

reflection Sapru was seized by second thoughts.

"Might not a mention of this just now," he suggested, "frighten the Indian States' representatives? We should do nothing to alarm anybody."

The Aga Khan, thinking the matter over, agreed that this risk were better not taken and promised that he would not raise the question.

During the weeks that followed Sir Purshotamdas worked with his characteristic energy and thoroughness and under tremendous pressure, meeting almost everyone in London whose voice had a measure of influence either in the Joint Committee or in official circles. Once, when things did not appear to be moving satisfactorily, Jinnah who had been excluded from the third Round Table Conference and subsequent proceedings but was then resident in London had occasion to talk revealingly to Sir Purshotamdas.

"In the present atmosphere," said Jinnah, "nothing tangible can be done by us and the only way to improve the position is for Hindus and Muslims to compose their differences and work together under whatever constitution is imposed on India."

"What is your idea of composing their differences?" asked Sir Purshotamdas.

"I would strongly recommend that the Hindus should agree to the Communal Award as a tentative agreement which should hold good until by common consent we devise an agreed scheme," replied Jinnah. "I feel this is the only way of getting any political section in India to be effective *vis-à-vis* Great Britain."

Here was a counsel of perfection which, however well-intentioned, it was difficult in the then prevailing circumstances to implement.

A deepening sense of frustration and melancholy had begun to settle down on the Indian delegation which felt that it was making little headway with the Committee. The chances of improving upon the White Paper were meagre in the extreme and in a moment of despair Sapru threatened to withdraw. Sir Purshotamdas, however, counselled patience and perseverance and suggested to Sapru that he should hear Sir Samuel

Hoare on the next day, assess the situation and make a decision only after listening to the Secretary of State.

"That," explained Sir Purshotamdas, "will tell all of us how Hoare's mind is working and we can then think out what steps you can effectively take to save the Indian delegation from being put in the wrong."

Sapru, however, was stubborn in his resolve and remarked shortly, "I propose to speak out frankly and for myself. In any case I am not asking anyone of you to join me in whatever action I may take."

To Sir Purshotamdas this seemed a counsel of despair. His experience had made him realise how much more burdensome was the weight of difficulties in the absence of the Congress, and for Sapru to withdraw at that stage would render the situation more difficult.

At a later meeting in Sapru's room Sir Purshotamdas discovered that Dr. Jayakar had committed himself on paper to abiding by any decision which Sapru would take at any time and had authorised Sapru to say so whenever he liked. Rangaswami Ayyangar and Joshi had also signed.

They now asked Sir Purshotamdas to sign the paper and he quite forthrightly refused to do so.

"This is not at all necessary," he said. "We must watch further developments carefully and decide on effective action."

Dr. Ambedkar, the Harijan leader, also refused to sign. As they left the room, Jayakar and Rangaswami Ayyangar came up to Sir Purshotamdas and both said that Sapru had momentarily lost his sense of judgement and was unnecessarily perturbed. They both emphasised that great care would have to be taken to prevent him from making a false step.

Perhaps the most notable though little publicised achievement of Sir Purshotamdas at the third Round Table Conference was his determined effort to save as much of India's gold reserves as he could. The Conference had appointed a committee to go into the details and desirability of starting a Reserve Bank of India, and here Sir Purshotamdas clashed strongly with some of his colleagues. Among those who were helpful to him were the late Sir Akbar Hydari (the Dewan of Hyderabad), Sir Pheroze Sethna and Rai Bahadur Ram-

saran Das. Sir Mohamed Zafrullah Khan was also sympathetic but was not able to cast his vote openly. On the other hand Sir V. T. Krishnamachari as also Sir Cowasji Jehangir ranged themselves on the other side when the great battle on gold sales took place.

Here Sir Purshotamdas spoke with all the knowledge and authority of an expert. The question before the committee was what proportion of India's currency reserves should be in the form of gold and how much should be in the form of sterling securities. As the discussion developed Sir Purshotamdas found himself faced by a formidable opposition including the trinity of British finance, spearheaded by Sir Henry Strakosch, Sir Cecil Kisch and Sir Reginald Mant. Strakosch started by saying that it should be left to the option of the Reserve Bank to hold its reserves in either form at its discretion. With this view both Kisch and Mant concurred.

On the other hand Sir Purshotamdas emphatically declared that the Government of India had Rs. 45 crores worth of gold at the pre-war rate which was £ 5 to the ounce and that this amount should be regarded as the minimum gold reserve which it should maintain. Strakosch and Mant differed with this view observing that it would place a handicap on the Reserve Bank.

"You do not know anything of Indian sentiment," Sir Purshotamdas bluntly declared, "much less do you know anything of Indian financial conservatism. Let me ask you a simple question. Is the Committee devising a Reserve Bank for the approval of foreign countries or is it doing so for inspiring confidence among the Indian people?"

Sir Purshotamdas went on to say that the patrons of the Indian currency issue department were the people of India who were handling currency notes to the extent of Rs. 178 crores at that time, thereby giving credit to the Government of India to that extent on paper currency. He warned Strakosch and his colleagues that if Indian sentiment was to be set at nought or disregarded, even this amount of Rs. 178 crores with the Government would be insufficient to meet a run by the public who would want to change their notes into hard rupees.

Sir George Schuster, the Finance Minister, had been listening to Purshotamdas's arguments with close attention. He advised Mant to postpone the discussion which was done. When the committee met again Schuster started by saying that he agreed with Sir Purshotamdas on the principle he had enunciated. It was imperative, he felt, if the confidence of the Indian people were to be retained, to maintain a part of the gold reserve and he suggested that Rs. 30 crores out of the 45 crores should be so earmarked.

Impressed by Schuster's air of reasonableness many of Sir Purshotamdas's Indian colleagues were prepared to agree to the terms, but not Sir Purshotamdas.

"I am glad," he told Schuster, "that you agree with me in principle but I cannot accept the figure of Rs. 30 crores as the minimum."

Schuster immediately stepped up the figure to Rs. 35 crores whereupon most of his Indian colleagues again pressed Sir Purshotamdas to accept. But Sir Purshotamdas was adamant remarking that he did not think it right to ask the Indian people to be a party to using any of their gold when it only formed less than half of the minimum reserves required.

At this juncture an Indian representative remarked to his neighbour that he knew Sir Purshotamdas was an obstinate person and would fight to the last rupee.

"If it is your own gold or mine," retorted Sir Purshotamdas who had overheard the remark, "I might vote for its being frittered away. But actually those Indians who are voting against me are only being generous at the tax-payers' expense."

Confronted with this hard bargaining some of Schuster's British colleagues began to register their disapproval, particularly Sir Campbell Rhodes and Sir Henry Strakosch who remarked that they differed with Schuster's statement.

Sir Purshotamdas, while stating that their dissent made no difference, declared that as the principle he was fighting for was accepted he would leave the figure to the other members who agreed with the principle. He would not dissent merely because he had got Rs. 10 crores less earmarked as the country's gold reserve but if they went up to Rs. 40 crores

he would agree cordially and with the feeling that India had been dealt with fairly.

All the other Indian members, however, voted for Rs. 35 crores but none the less it was a considerable personal victory for Purshotamdas. The long hours he had spent in discussing the issue, in canvassing opinions and in attempting to persuade his colleagues had, he felt, brought some reward for India. But for his firm stand the country's gold reserves might have been completely lost in 1940.

Another issue where Sir Purshotamdas trod familiar ground was the rupee ratio which also figured in the deliberations of the committee which considered the desirability of establishing an Indian Reserve Bank. While on his rounds, Sir Purshotamdas had learned that the well-known British economist, Professor Gregory, had confessed to a common friend that although he had given evidence before the 1926 Commission in favour of the 1s. 6d. ratio he was now convinced that it was a mistake and he felt the Indian public should agitate for a lower ratio. Armed with this information Sir Purshotamdas confronted those of his Indian colleagues who were still vacillating and succeeded in enlisting their support.

Among those who agreed with Sir Purshotamdas's draft on the ratio question were the Aga Khan and Sir Zafrullah Khan but Sir Purshotamdas also found an unexpected ally in Sir Osborne Smith, Governor of the Imperial Bank, who agreed with him that the Reserve Bank would not have a fair chance of success unless the ratio was changed. On the other hand Sir Howard Denning, who at that time was expected to be appointed the Governor of the new Reserve Bank, strongly opposed this view. If the ratio were to be changed by the Indian Legislature without the tacit consent of the City of London, he warned, the whole of the federation scheme might be in jeopardy and there might be no advance on the constitutional reforms. Sir Purshotamdas was not the man to be deterred by this argument.

"Such considerations," he replied, "cannot be mixed up with the question of what is best in India's interests. But this gives one a good idea as to what freedom will mean to India under the new constitution."

In all, the committee's proceedings extended over a period of 24 days and 10 meetings. Sir Purshotamdas signed the Report subject to his dissenting remarks one of which expressed his strong view that he was opposed to India's selling silver.

A couple of days later he met Sir Osborne Smith who disclosed that he had encountered Mr. Montagu Norman, the Governor of the Bank of England. Montagu Norman had told him that the Reserve Bank Committee's Report was exactly what Schuster and Strakosch desired, and he also stated that no discussion on the ratio question had been raised in the committee. The Governor's Deputy, Sir Ernest Harvey, confirmed this in the presence of Sir Osborne Smith and Mr. E. F. Bunbury, a director of the Imperial Bank. Thereupon both Sir Osborne Smith and Mr. Bunbury, who knew the facts of the case, informed the Governor that the ratio question had in fact been fully discussed and the committee was divided on the issue. Montagu Norman seemed taken aback by this informaton.

"I shall probe into the riddle when I return from America in October," he remarked as he was leaving the United Kingdom on the following day.

Sir Purshotamdas's minutes of dissent to the committee's report struck some cautious and prophetic notes. At the outset he pointed out that since the prime object of the report was to facilitate the drafting of the Reserve Bank Bill, the committee did not consider the wider and more important question whether India's economic and currency position justified the launching of such an institution within the next year or two. To him it seemed that the committee had assumed that the Imperial Bank had decided to inaugurate a Reserve Bank and, proceeding on that basis, had devoted its discussion to the consideration of the draft Bill of 1928.

Purshotamdas's dissent, although confined to a few points, nevertheless raised some important issues. So far as the appointment of the Governor and Deputy Governors of the Bank was concerned, the majority had held that the Governor-General in his discretion should be the appointing authority when the new constitution came into force. Those

who favoured this step believed that before making these appointments the Governor-General would ascertain the views of the Board of the Bank. But even when this proviso was inserted there were four dissentients, one of them being Sir Purshotamdas.

In his view the recommendation was contrary to the intention of the agreement reached at the third Round Table Conference for the agreement had envisaged a Reserve Bank "free from any political influence" although the Secretary of State had later added the words "as far as we can make it". Obviously, the main objective of this agreement was that the Reserve Bank should function as a purely commercial organisation implementing a policy laid down by the Indian Legislature. If this end were to be secured, Sir Purshotamdas argued, it was essential that the Bank should be free to select its own executive officers and to appoint them with the approval of the Federal Government.

"To override the Federal Government and the Directors of the Bank, both responsible authorities, and to make the Governor-General in his discretion the appointing authority is in effect to vest the final word with the Governor-General," said Sir Purshotamdas. "Can it be said in such circumstances that the Reserve Bank will be free from political influence 'on both sides of the seas'? The Governor-General is constitutionally bound to act under the orders of the Secretary of State for India, himself a member of the British Cabinet, and as such subject to the great political influence of the majority of the Imperial Parliament for the time being."

Events were to prove that Sir Purshotamdas's fears were justified for when the appointment of Mr. C. D. Deshmukh as Governor came up later, it met with initial opposition from New Delhi and London although Mr. Deshmukh was the senior Deputy Governor and had the backing of both the Board and of Indian public opinion.

Purshotamdas, as we have seen, also opposed any sale of any part of the silver held in India's currency reserves. He pointed out that although there had been a great change in the habits of the Indian people leading to the use of currency notes instead of silver rupees for most ordinary transactions,



the silver rupee none the less, though a token coin, had a big hold on the masses. Indeed the popularity of the currency note was based largely on the public's confidence that it could be encashed in silver on demand. Here the full import of Sir Purshotamdas's warning was to be vividly demonstrated in later years when during the second world war India had to draw on vast quantities of silver under the lend-lease aid given by America.

Although Sir Purshotamdas had, after vigorous discussion, agreed to a gold reserve of Rs. 35 crores, leaving roughly Rs. 9½ crores of gold with the Reserve Bank free for any purposes for which it might be needed, he did this subject to an important condition which again formed a minute of dissent. This condition was that a minimum gold holding in relation to the note issue should be fixed. Although momentarily defeated on this issue he was again to be vindicated for the Reserve Bank of India Act of 1934 was largely to embody this proviso. "Of the total amount of the assets of the Issue Department," it stipulated, "not less than two-fifths shall consist of gold coin, gold bullion or sterling securities: provided that the amount of gold coin and gold bullion shall not at any time be less than forty crores of rupees in value."

It was a battle well and fairly fought and in a large measure won.

## *The Reserve Bank*

NOT always is it given to a man who has fought stoutly and steadfastly for a cause to see its fruition. Even less often has a champion been enabled to participate closely in the activities which flow from the accomplishment of a cause. In the campaign which he waged for the establishment of the Reserve Bank of India Sir Purshotamdas found himself in the enviable position not only of seeing it come into being but of taking a leading part from the moment of its inception in the direction of its many-sided affairs and activities. He joined the Board of Directors on April 1, 1935 when the Bank was established and although latterly the exigencies of age obliged him to curtail the tempo of his activity the Reserve Bank continued to be among the first charges on his energy and attention until his retirement in January 1957.

He came to the Central Board of the Reserve Bank with a tremendous background of commercial knowledge and achievement buttressed by a record of national service in the sphere of currency and banking which no public figure of his time could rival. This inevitably made him the friend, guide and philosopher of the institution from its start. On the question of assuring it adequate gold reserves he had waged a memorable battle but this was only the prelude to other vigorous efforts to put the Bank on a sound footing and to make it a model institution comparable to any central banking institution in the world. Within less than five years after its establishment the Bank, as the custodian of the country's currency system, was confronted with the problems consequent on the outbreak of a global war, and when the second world war ended there came other familiar problems in its train— inflation, the sterling balances, partition and the financial consequences and complications flowing from that political

act. All these demanded a combination of resoluteness, perspicacity, wisdom and foresight. In these difficult years Purshotamdas proved a tower of strength not only to the Board and the Bank but to the country in so far as its financial stability and strength were concerned.

The scheme for the Reserve Bank, still-born in 1928, was resuscitated at the first Round Table Conference when the Federal Structure Committee recommended its establishment. Sir Purshotamdas was not present at that session but in the two subsequent sessions, notably at the third Round Table Conference, he took, as we have seen, positive steps to ensure that its foundations would be solid. It was recorded in the report of the Financial Safeguards Committee of the third Round Table Conference that "the Secretary of State undertook that representative Indian opinion would be consulted in the preparation of proposals for the establishment of the Reserve Bank including those relating to the reserves." Following the recognition of this principle the Reserve Bank Committee, in which Sir Purshotamdas again made some outstandingly constructive proposals, was set up and it was on the recommendations of this body that the Reserve Bank of India Act was mainly drafted and framed. It should be added that support for the establishment of this institution was also contained in the White Paper of 1933.

Nine months after the report of the Committee on the Indian Reserve Bank Legislation, a Bill to establish a Reserve Bank as an essential preliminary to the introduction of a federal scheme of constitutional reforms was passed by the Legislative Assembly and the Council of State. On March 6, 1934 it received the assent of the Governor-General and the Reserve Bank was established on April 1, 1935 taking over the management of currency and exchange in accordance with the provisions of the Act.

The general superintendence and direction of the affairs of the Bank was entrusted to a Central Board of Directors comprising a Governor and two Deputy Governors, four directors nominated by the Governor-General in Council, eight directors elected on behalf of the shareholders on the various registers and one Government official nominated by the Governor-

General. Sir Osborne Smith was the first Governor and Sir Purshotamdas was one of the directors elected under Section 8 (1) (c) of the Act by the shareholders. Sir Osborne Smith had a brief tenure retiring in July 1937 and was succeeded by Sir James Taylor. To both of these as also to their successors Sir Chintaman Deshmukh and Sir Benegal Rama Rau, Sir Purshotamdas was a source of strength and wise counsel and his views were invariably canvassed on all important issues. This applied equally to the British as to the Indian Governors of the Bank. Sir Purshotamdas was in the close confidence of Sir James Taylor and whenever the latter went on leave to London it was his practice to advise his Deputy Governors, Sir Chintaman Deshmukh and Sir Manilal Nana-vati, to consult Purshotamdas on all major issues of policy and to respect his views.

An incident during one of Sir James Taylor's temporary spells of absence is illuminating. During this period the Bank of England put up its rate of interest almost taking it for granted that India would perforce follow suit. The Board of the Reserve Bank met on an urgent requisition and opinion within it was divided. While one section suggested that India should toe London's line, another section headed by Sir Purshotamdas was strongly opposed to it.

"Indian conditions," said Sir Purshotamdas emphatically, "neither justify nor demand an upward revision of the Bank rate. I shall oppose this with all the force at my command. In fact I shall go further. If it is done I shall issue a statement to the press giving the reasons why I voted against the move."

Sir James Taylor, who was hurrying back, was at that time in Karachi where he was contacted on the telephone.

"Could Sir Purshotamdas not be persuaded to an increase in the Bank rate?" he anxiously inquired.

Sir Purshotamdas, however, was not used to changing his ground easily and the meeting had to dissolve without arriving at a decision. On the following day Sir James Taylor arrived in Bombay and the Board was again urgently convened. At this meeting it was announced that the Governor had considered the issue as a whole and was inclined to agree with Sir Purshotamdas. It was a unique victory since for the first

time it severed the chains that bound Indian economy to the chariot wheels of the City of London.

Nowhere, however, are Sir Purshotamdas's dogged perseverance and independence more clearly highlighted than in the Deshmukh episode. But for his efforts it is doubtful if India could have had the first Indian Governor of the Reserve Bank as early as 1943. In that event Sir Chintaman's scintillating qualities might have been concealed, and it is possible that he might not have been later considered for the post of Finance Minister, which he held for six years with great credit to himself and his country.

In 1942 Sir James Taylor died suddenly and not only business circles but the country as a whole was rife with speculation on his successor. In the normal course there would have been no uncertainty since Deshmukh, the senior Deputy Governor, had all along been groomed for this important, indeed vital post. Quite early, however, it was evident that all was not smooth sailing, for the pro-British elements in the country had started wagging their tail and Sir William Lamond, then Managing Director of the Imperial Bank of India, was their candidate.

These devious manoeuvrings greatly upset Sir Purshotamdas for noting Deshmukh's work and calibre he was convinced that he would make a good job as Governor. The time was overdue for an Indian to be given a break and in all respects, intellectually, professionally and temperamentally, no better custodian of the interests of Indian banking could be found than the very able Deputy Governor.

On this issue Sir Purshotamdas fought again with his usual tenacity and perseverance. Being convinced of Deshmukh's outstanding qualities he was determined that the abilities of this young Indian Civilian should be recognised. It was, as in other battles, initially a disappointing experience for both inside the Central Board and outside in the purlieus of New Delhi there was formidable opposition to Deshmukh's appointment.

Sir Purshotamdas's dogged qualities were rarely tested more severely or shown to greater advantage. Even inside the Central Board he was criticised by some of his Indian

colleagues, one of whom at least expressed doubts whether an Indian could do justice to this major assignment. Another who had originally expressed opposition to Deshmukh's appointment and disapproved strongly of Sir Purshotamdas's stand appeared to be converted overnight. When the time for voting came he plumped for Deshmukh and when asked by Sir Purshotamdas why he had changed his mind, blandly replied, "It is all part of the game of politics." To cut a long story short, the Central Board approved of Deshmukh's appointment as Governor.

This, however, was by no means the last word in the battle. Although the Board had registered its decision, both Whitehall and New Delhi appeared to be unwilling to accept it. Indeed they seemed anxious to ignore it and the Governor's post consequently continued to be unoccupied with Deshmukh bearing the brunt of the burden in a yet unconfirmed capacity. During that year the annual meeting of the Reserve Bank's shareholders was held in Calcutta and Sir Purshotamdas, realising the importance of this commercial metropolis and the interests it represented, decided not to miss the session. He knew that in Calcutta were many large and powerful shareholders and that in his absence the advantage might conceivably be lost to the British elements who were almost equally powerful and were equally determined to have a non-Indian as Governor.

The issue was settled by one of the shareholders raising the matter at the meeting. Why, he asked, was there this unconscionable delay in appointing the Governor. Deshmukh who was presiding over the meeting was embarrassed and suggested that the senior director, who was Sir Purshotamdas, might answer the question. It was an opportunity for which Sir Purshotamdas had long been waiting and he made full use of the opening offered.

His speech undoubtedly turned the tables and altered the situation for he summed up the piquant, slightly fantastic situation in his usual vigorous manner. The reaction was immediate and forceful, the shareholders demanding furiously that if the Government could not find a suitable successor to Sir James Taylor even six months after his death, it was

better for the Reserve Bank to wind up and for the country to revert to the old order. Here was a situation from which nobody, either for or against Deshmukh's appointment, could escape.

At the suggestion of the directors Deshmukh was compelled to cable the entire proceedings of the meeting to Whitehall and the details appear to have shaken considerably the citadels of both the City of London and the India Office. Mr. L. S. Amery, then Secretary of State for India, relented and recognising the facts for what they were belatedly instructed New Delhi that considering everything it was proper that the vested interests should give in and taking into account the views of the shareholders should appoint Deshmukh as Governor.

It was another notable victory for Sir Purshotamdas who had prepared the ground carefully for the ultimate *denouement*. Earlier he had approached Deshmukh and had received from him an assurance that Sir Chintaman would not throw in the towel while the battle was still on by accepting some other post which might be offered by New Delhi as a bait. He was relieved by Deshmukh's assurance that if such an alternative was forced upon him he would rather resign from the Indian Civil Service. Deshmukh greatly aided Sir Purshotamdas for throughout this highly uncertain and embarrassing episode his conduct was impeccable and his management of the Reserve Bank's affairs was so competent that New Delhi could find no chink in his armour. Naturally Sir Purshotamdas takes great pride in Deshmukh's record as Reserve Bank Governor and, since June 1950, as India's Finance Minister until July 1956.

The aftermath of this episode is also indicative of Sir Purshotamdas's outlook on public affairs. Following Deshmukh's appointment as Governor of the Reserve Bank there were proposals to celebrate the event festively. In the second half of 1943, however, India was reeling under the cumulative impact of the world war and the Bengal famine, and to Sir Purshotamdas such festivities, however welcome in normal times, appeared unjustified in this context. As usual he expressed his views forthrightly in a letter which he wrote

from Simla on October 6, 1943 to the late Mr. Walchand Hirachand who had invited him to associate himself with these celebrations.

"I am delighted," wrote Sir Purshotamdas, "that our friends in Bombay are thinking of honouring Deshmukh. But I feel that at this juncture the leading citizens of big cities in India, particularly Bombay, should set an example to others by avoiding festivity and avoidable meals as is contemplated in your telegram, which may lead to justifiable criticism. All the friends that you have mentioned in your telegram must have contributed liberally to the Bengal Famine Relief. But I suggest to them that they best show by their action that they are also eager, in ever so small a degree, to help save foodgrains and eatables wherever possible. Conditions in Bombay cannot be such as to justify any avoidable waste of either foodgrains or eatables. We can meet without the attraction of any eatables to express our feelings of satisfaction at Deshmukh's appointment.

"I am afraid the above will strike you and some of our friends as puritanic and unnecessarily austere. What I have seen and read about the distressing developments, compels me to reluctantly refuse to be a party to any waste of eatables that can be avoided. I am sure that none of you in Bombay will misunderstand me in what I say above; and as regards Deshmukh himself, I have no doubt that he as the Governor of the Reserve Bank — and Indian Governor at that — would be glad to give the lead in this matter. You may show this letter to Deshmukh in addition to our other friends, if necessary."

Although both Deshmukh and Sir Purshotamdas greatly respected each other's independence and ability, there were times when they clashed, even subsequent to Sir Chintaman's appointment as Governor. One such occasion occurred in the post-war period of unbridled inflation when talk of decontrol was in the air. The Board of the Reserve Bank then declared by a majority its opposition to progressive decontrol of essential items in view of the danger of further price increases. Sir Purshotamdas, supported by Mr. B. M. Birla, differed from this view which was expressed in the annual report for



1948. In the opinion of the former, controls had plainly outlived their utility and indeed incited price inflation. Sir Purshotamdas had always been of the opinion that to the extent that price controls curtailed the incentive for production and thereby production itself, they led to a vicious circle of shortages and higher prices. He was firmly convinced that compared to the permanent harm that controls could do to the country's economy, a short spell of scramble for goods was less deleterious and he had a genuine faith in the traders' ability to deliver the goods.

The great and meritorious services which Sir Purshotamdas had rendered to the Bank and the unique place he had carved for himself inside the higher councils of that institution were never better illustrated than by his retention on the Board even after the Bank's nationalisation on June 1, 1949. When the Reserve Bank was taken over by the Government and a nominated Board, stripped of some of its original powers, was appointed Sir Purshotamdas was invited to continue as a director. Having considered the matter he consented to continue but only on condition that he would act for all practical purposes as an elected member and would retain his full measure of independence. The Government, mindful of his past services, reciprocated cordially and agreed to this departure from convention. Indeed the special terms which Sir Purshotamdas enjoyed are consecrated by more than convention for they appear on the official records of the Bank.

In July 1949 Sir Benegal Rama Rau succeeded Sir Chintaman Deshmukh as Governor and Sir Purshotamdas was among the first to welcome the choice. He had known Sir Benegal both in London and as Chairman of the Bombay Port Trust and each regarded the other with considerable esteem. Sir Purshotamdas was well aware of the outstanding administrative abilities of the new Governor and his background in relation to the Reserve Bank for throughout the third Round Table Conference and the deliberations of the Reserve Bank Committee Sir Benegal had played a notable role behind the scenes. He was the liaison officer between the non-official members of the Conference and the Government, including the India Office, and in this highly invidious, difficult position

continued to be helpful in every way to the Indian members.

Today the economic policies of India have taken a different turn with the Avadi declaration of a socialistic pattern as the country's objective. Along with other institutions of its kind, the Reserve Bank does not enjoy the same measure of autonomy as it used to in former days. A consequence of this has been the resignation of Sir Benegal as Governor of the Bank which was followed shortly after by a letter from Sir Purshotamdas to the Reserve Bank dated January 8, 1957 expressing his unwillingness to be renominated to the Board.

"The happenings in the last couple of weeks in the relations between the Board of the Reserve Bank and the Central Finance Ministry are so extraordinary, one-sided and unprovoked that I feel it is not in the interest of the country that any non-official should avoidably keep up his connections with the Reserve Bank," wrote Sir Purshotamdas. "I, therefore, hereby request you to do the needful so that I may not be renominated after what has been happening lately."

Thus terminates another association with a national institution which had benefited the country greatly.

## *Company Director*

HOW many companies are you interested in?" a journalist once asked Sir Purshotamdas who thereupon promptly requested his secretary to furnish a list.

The secretary handed over three closely typed pages headed "List of companies of which Sir P. T. is either a 'D' (for Director) or 'C' (for Chairman)".

The journalist glancing through this formidable list wondered vaguely how long it would take him to memorise the details. He asked Sir Purshotamdas whether there was any other list of companies in which he was substantially interested, but not as director or chairman. Sir Purshotamdas explained that his work on these companies was directorial and financial, not administrative.

"There are 32 cotton factories in that list," he explained. "But it is very seldom that I see them. For instance, there are factories in Uganda but the nearest I have been to Africa is the Suez Canal — on my way to and from England."

Sir Purshotamdas went on to explain how as a director he followed the workings of these companies.

"The first thing," he said, "is to study the market, next to see that the best men are placed in charge of the venture and then to watch the general policy of the company. The important thing is to get the right men and trust them — a policy which has paid good dividends to British business."

At various times Sir Purshotamdas has served as director or chairman on the boards of institutions engaged in different undertakings. These include banks, insurance companies, transport, cement, iron and steel and hydro-electric companies.

Apart from the family business in cotton Sir Purshotamdas in his long career has had a personal financial stake in the shape of a managing agency in only one cotton textile mill,

and that for a short period. This is a remarkable feature of his business life for with his commercial acumen and resources he could easily have acquired a major financial interest in many of the business undertakings with which he has been associated. Alternatively or additionally he could himself have initiated an industrial enterprise but he has scrupulously chosen to do neither. A possible explanation for this is his strong sense of caution which makes him averse to venture after the proverbial two birds in the bush with one in hand. The other probable deterrent is his critical attitude towards certain features of the managing agency system which more recently have threatened its very existence. On the other hand, he does not favour the view that the managing agency system should be eliminated root and branch since he has always recognised the outstanding role it has played in developing the country's industrial structure. Accordingly his own association with an industry has never extended beyond a seat on the board either as chairman or director but from this vantage point he has decisively influenced the pattern and development of joint stock enterprises in India for over a generation.

These activities cover a period of nearly three and a half decades during which Sir Purshotamdas has concerned himself with almost every joint stock enterprise that rates in the economic fabric of Western India. For a considerable time the total number of the companies he worked with either as chairman or director was well over 50 and at his peak period in the 1930s and 1940s they aggregated nearly 70. Even today, when age limits his capacity for sustained hard work, he continues to be an important and influential figure at the board meetings of those companies with which he remains associated.

Sir Purshotamdas's first directorship was on the New French Press Company of which Volkart Brothers were the managing agents. He joined it on 16th August 1905. It was a small company but for the first time Sir Purshotamdas learned how a recalcitrant and difficult shareholder could, by playing his hand cleverly, get more out of the agents when the company went into voluntary liquidation. He asked the then Chairman

of Volkarts, Mr. Bickel, why appeasement was necessary but he never obtained an adequate or satisfactory answer. Later this experience stood him in good stead when he was associated with the boards of the Central Bank and Tatas.

The varied pattern of Sir Purshotamdas's business activities is reflected in the fact that for many years he presided over the proceedings of such major units with household names as the Oriental Government Security Life Assurance Co., Ltd., the B. E. S. T. Co., Ltd., (since municipalised) and the Indian Cable and Radio Communications Ltd., which has now been taken over by the Government. Although not a permanent member of the Bombay House family, his association with Tatas dates back to well over three decades and he was at one difficult stage instrumental in preserving the steel works of Jamshedpur and in assisting Bombay's hydro-electric system. Those two institutions account largely for the pre-eminent position of the House of Tata today.

Over thirty years ago, however, the Tata Iron and Steel Co. was plagued by financial difficulties which were aggravated by the somewhat unhelpful attitude of the then Government of India towards the development of Indian enterprise. One morning in the year 1924 the late Sir Ratan Tata visited Purshotamdas who was concerned to observe his visitor's troubled look.

"You know, Purshotamdas," said Sir Ratan after a while, "I haven't slept for the past five days. Our cash balance has sunk to Rs. 20,000."

Sir Purshotamdas, who was considerably taken aback, could only exclaim, "Surely you don't mean it!"

Tata's harassed look was visible testimony to the gravity of the crisis. In those days Sir Purshotamdas was a director of the Imperial Bank of India whose managing director was Sir Norcot Warren. Warren and Tata were close friends and the former was willing to plead the company's case before Sir Basil Blackett, the Finance Member, on one condition. He insisted that Sir Purshotamdas should accompany him. Sir Ratan Tata also recognised the value of associating an "outside director" of Sir Purshotamdas's standing with the mission to Delhi. He urged Sir Purshotamdas to go and the

latter agreed.

A telegram was accordingly despatched to Sir Basil Blackett informing the Government that the Iron and Steel Company's position was serious and that the problem must be discussed at the highest level. This was followed by the visit of Sir Norcot Warren and Sir Purshotamdas to Delhi where Sir Purshotamdas had talks with Sir Basil Blackett and the Commerce Member, Sir Charles Innes. He found both of them cautious and unwilling to commit themselves. Faced by this evasive and ambiguous front, Sir Purshotamdas ultimately had no option but to reveal to them how desperate was the situation. On being told the facts they were both impressed and concerned.

"The only course left is for the company's representatives to see the Viceroy," advised Sir Charles.

Sir Purshotamdas discovered that Sir Norcot Warren was not unduly enthusiastic about meeting the Viceroy but after some persuasion he agreed to accompany Sir Purshotamdas. Here their reception was more positive than either of them had hoped.

Lord Reading lost no time in assuring Sir Purshotamdas that the Government was determined to see that the chimneys in Jamshedpur would continue to smoke.

"That is refreshing news but not enough, Your Excellency," Purshotamdas replied. "Under whose management will the chimneys smoke? Will it be under Clive Street or Esplanade Road?"

Obviously he did not rule out the possibility that under the pretext of salvaging the company from disaster the Government might seize the opportunity of transferring what was then the pride of Indian enterprise to the control of British business interests in Calcutta. So agitated was Sir Purshotamdas on this possibility that he addressed the Viceroy more sharply than that exalted personage was normally accustomed to.

"If you let Calcutta reap the benefit of our toil and efforts," declared Purshotamdas, "I will mount a public platform and announce that the Government has let an Indian enterprise down."

Sir Norcot pressed Sir Purshotamdas's hand in an effort to register caution but the latter, never easily deterred, went on to point out to the Viceroy that the Government's *bona fides vis-à-vis* the encouragement of Indian enterprise was on trial.

These shock tactics registered for five days later Lord Reading took the unexpected step of voting Rs. 50 lakhs in the form of debentures to help rescue the company from its financial crisis.

Sir Purshotamdas who had already left for Bombay was naturally pleased with the outcome while Sir Ratan Tata was overjoyed. Since then, the Tata Iron and Steel Co. has reached spectacular heights and is among the most impressive vindications of Indian business enterprise. Sir Purshotamdas's association with the company continues and through many controversial developments and difficulties his wisdom and experience have proved invaluable.

There have been occasions, however, when he has found himself in disagreement with his fellow directors. One such instance was precipitated by the developments that followed the disaster to the Kundli Dam of the Tata Power Company. The project had cost Rs. 17 lakhs but the dam was swept away before the scheme was completed. Public opinion was naturally disturbed and the Government pressed Tatas to hold an inquiry. Sir Purshotamdas was of the opinion that the inquiry committee should comprise the head of the Irrigation Department in the Punjab assisted by a senior officer of His Exalted Highness the Nizam's Government and the veteran engineer, Sir M. Visvesvaraya. Very early in the proceedings Sir Purshotamdas learned from one of the members that the construction project had been disastrously handled, mortar and cement not being used in adequate measure. By then the quotations of the Tata Power shares had declined from their face value of Rs. 1,000, and Sir Purshotamdas realised that serious consequences would flow from further disclosures.

Meanwhile differences developed between the directors of the company itself, and Sir Purshotamdas found himself ranged against Sir Dorab Tata on the proper course to take in the circumstances. So acrimonious were these differences that he found it necessary to abstain from the board meetings.

At this juncture Mr. B. J. Padshah, who was in charge of the Tata Power Co., wrote to him in an effort to patch up the differences. His letter dated September 28, 1925 reads: "Let me say at once that the Hydro Electrics which are as much a part of the public interest as, say, currency are suffering because I cannot count on your benevolent attention being continuously given. I refer chiefly to the Kundli Dam and Tata Power matters which have been recently under discussion. My business has been to help the Boards to carry out their considered wishes and that is what is happening. But if you hold aloof from meeting the Kundli Dam Committee which meets the Board next Wednesday or if you do not meet them at R. D. Tata's dinner tomorrow jointly to them and the Kundli Board, you are losing an opportunity of service to the cause of rationality, which would remain unserved without you. I appeal to you on the basis of reason, do not fail me and do not fail the public interest involved in Hydros."

Explaining his point of view, Sir Purshotamdas wrote to Padshah on the following day. "If I am holding aloof from the meetings of the two companies you, of course, know the reason for it and I am sure that even you would take up the same attitude, if not a stronger attitude, if you were treated in the way Sir Dorab Tata chose to treat some of the Directors. I am dining tonight with R. D. and I may even attend the meeting tomorrow to know what the expert engineers have to say. But where the mentality of the executive is to dislike (I will not use a stronger word) any suggestion ever so constructive and in the company's interest, I feel that the best thing a person anxious to preserve his self-respect can do is to let others manage them in their own way. You cannot imagine how rudely shocked I feel that the concerns whose welfare I had made a part of my anxiety should be thus marching on to a path which I cannot but view with great nervousness."

Padshah was anxious that Sir Purshotamdas's sober guidance should not be lost at this juncture and he strained every nerve to secure his attendance at the board meetings. In a letter dated September 30 he wrote to Sir Purshotamdas: "I wish to put on record what I told you last night that the



irrationality mentioned in my last letter was not yours, but the irrationality I am fearing the Boards would slide into without your expert guidance, at a time when we have a chance to put all the Hydros on a firm financial footing and when the chance would be very likely thrown away in absence of that element of reason which I have found in you, which rises superior to misgiving, and is on the look-out for facts to justify the promptitude of needed action.

"I think you need not take as an offence remarks that could not possibly apply to you, and which Dinshaw has not permitted to interfere with his duty. Sir Dorabji has been taught a lesson that no mere mortal can assume liberties which must be denied to God Almighty himself and his punishment is in this, that there is no obvious way open to him to rectify his blunder and temper as he would wish to do. Let it be ours to help him to see the light."

Personalities, however, mattered little to Purshotamdas whose differences with Sir Dorab Tata were basically on principle. Moreover he knew he was on good ground and could therefore afford to be forthright. He had always respected the integrity and patriotic zeal of the House of Tata and in his mind there could be no question of its *bona fides*. Eventually the differences were settled and reconciled to his satisfaction. Today, as in the case of the Tata Iron and Steel Co., the Tata Hydro-Electric Power Supply Co. has an assured stature and status and Sir Purshotamdas still continues to grace its board.

Apart from the nationalist outlook of the House of Tata, Sir Purshotamdas has always been impressed by its high sense of integrity. Although associated closely with the fortunes of this House, Sir Ratan Tata was never in particularly affluent circumstances. In the years following the first world war opportunities for accumulating wealth, particularly through the mechanism of 'reverse councils', were many, especially for those endowed with the necessary knowledge and enterprise. In the normal course of business operations, Tatas had to handle huge amounts between London and India and it would have been easy for Sir Ratan to improve his monetary status with no great effort. Indeed one of the many

Multani brokers who visited the House of Tata and was an adept in the exchange business pleaded with him "not to miss the chance of his lifetime". Tata, however, laughed out the proposal with contempt, remarking that the House of Tata would never stoop to such things. In Sir Purshotamdas's opinion, Bombay House has more than maintained its high record and for the present Chairman, J. R. D. Tata, he has a high regard and affection.

Save for the East India Cotton Association, with which Sir Purshotamdas's career is intertwined, a close major interest was the Oriental Government Security Life Assurance Co., whose fortunes he did much to develop. Sir Purshotamdas joined its board in 1919 and fourteen years later became its Chairman piloting the organisation to record achievements until 1955 when he retired following differences with his fellow-directors over the mutualisation of the company. Thus his association with this premier insurance organisation was spread over 36 years, some 22 of which concided with his chairmanship. In 1933, when he assumed charge as Chairman, the company's total business was Rs. 48 crores but by 1955 when he retired it had risen to Rs. 237 crores, and in the year preceding his withdrawal from the board the company registered an all-time record figure of Rs. 48 crores for new business.

During these three decades his influence loomed large over the insurance world, his annual statements before the shareholders of the company being remarkable not only for their clarity and independent outlook but for the bold reforms he advocated in many fields of insurance. Prejudices hampering the growth of Indian insurance were many when Sir Purshotamdas became Chairman but by deed and word he succeeded in removing the web of mistrust in which plans for progress found themselves enmeshed.

He was never afraid to be unpopular which was one reason why his colleagues respected his views and more often than not inclined to his judgement. An occasion occurred during his association with the company when the chief agents at three major centres, all men of considerable means and influence, had in his opinion outlived their usefulness and

were not particularly helpful in advancing the growth and expansion of the company's activities. These individuals were powerful and influential enough to threaten legal action if their services were dispensed with but Sir Purshotamdas had decided to act and he took the fateful decision to terminate their employment. Legal action followed but apart from some concessions in the matter of compensation the decision of the company was upheld.

Sir Purshotamdas has always had a soft spot for the Oriental Assurance Company and from quite early in his association with its affairs he tried to infuse into its administration the rigorous standards that he always applied to his own individual and business dealings. As a result the company soon earned a reputation for wise conservatism and unassailable security and the number of its policy-holders grew yearly.

Few gestures gave him greater pleasure than the unveiling of his bust at the Bombay office of the Oriental in 1949. Of the many honours and decorations he has received in the course of his long public career this pleased him particularly. The bust was unveiled by Raja Sir Maharaj Singh, the then Governor of Bombay, who in doing so observed that "in Sir Purshotamdas one found a great businessman, a legislator and a person who has made the best use of the money which Providence has given him."

Sir Maharaj Singh went on to say that the bust of Sir Purshotamdas would be a source of inspiration to all, especially to the younger generation. "May we have at least a portion of the energy, interest and integrity of Sir Purshotamdas," he concluded.

Others who joined the Governor in his tribute to the company's chairman were Sir Joseph Kay, Sir Cowasji Jehangir and Mr. A. D. Shroff.

"The administration of such a large company as the Oriental," said Sir Joseph Kay, "with its vast resources and thousands of policy-holders, who have in all good faith placed their trust in the management, calls for great strength of character. I consider that the Oriental is exceptionally fortunate in having Sir Purshotamdas to guide the affairs of the company for so many years."

No less eulogistic were Mr. A. D. Shroff and Sir Cowasji Jehangir.

"Sir Purshotamdas," said Mr. A. D. Shroff, "has all the virtues that make a man great and he is straight as a flag-staff."

Sir Cowasji, while observing that it was somewhat unprecedented for the bust of a director to be unveiled in his lifetime, declared that the function was a mark of the high esteem in which the shareholders and directors held Sir Purshotamdas and the value they attached to his services.

"I have Sir Purshotamdas's assurance," said Sir Cowasji, "that so long as he has strength to work he will be associated with the Oriental as its Chairman."

Against this happy background it is ironical that Sir Purshotamdas's long record of service to the Oriental should have ended on a discordant note. Six years after he was paid this signal honour with the warm approval and amid the encomiums of his co-directors, Sir Purshotamdas found himself in the unhappy position of differing strongly with his colleagues and withdrew from the Board.

The point at issue was a scheme for mutualisation which would transfer the ownership of the company entirely to the hands of the policy-holders. Sir Purshotamdas was not opposed to this on principle and in fact supported the idea of mutualisation. But since the scheme provided for compensation to all the shareholders at Rs. 8,800 per share and placed a future liability, although nominal in amount, on each policy-holder, he felt that in all fairness the policy-holders had a right to be consulted and should be consulted before the scheme was finalised.

To this his co-directors demurred, their contention being that neither in the Articles of Association of the company nor in Section 6(C) of the Insurance Act was it provided that the policy-holders should be consulted at any stage. Sir Purshotamdas, however, urged that the matter should be considered on the broad plane of equity rather than by any narrow proviso of the law. The policy-holders, he pointed out, had the largest stake in the company and their views should be taken into account. They also numbered nine-and-a-half lakhs,

and could not therefore be lightly ignored. The fair and wise course, urged Sir Purshotamdas, was to consult them, and they could then go to the Government with a scheme of mutualisation sponsored jointly by the shareholders and policy-holders.

In a letter dated March 14, 1955, two days before the Board was to meet to approve of the scheme finally, Sir Purshotamdas wrote to the Manager of the Oriental pointing out that, as drafted, the scheme was not likely to meet with the policy-holders' approval.

"The scheme as prepared by the company's solicitors as sent by you to me," he warned, "is hardly likely to appeal to any policy-holder for the simple reason that it involves a future liability, even so small, on each policy-holder and I wonder what would happen if the policy-holders turn it down. Further, you will remember that people who insure themselves do not wish to leave any liability in the future. Further, it appears that, under the existing law, the shareholders' share of the surplus is limited to  $7\frac{1}{2}$  per cent. You now propose to increase it and I hardly think that that would appeal to the policy-holders. These are the two main things which I consider highly objectionable. There are other similar points, e.g. the price of Rs. 8,800, which strike me, but they are not as important fundamentally as these two which I have mentioned."

On March 16 came the final break when despite the Chairman's opposition the board approved of the mutualisation scheme. On the following day Sir Purshotamdas tendered his resignation.

"In view of the decision taken at the Board meeting yesterday during the time that I was present," he wrote, "I feel that I cannot remain on the Board any longer, and therefore I hereby tender my resignation. The points referred to by me in my letter dated 14th instant to the Manager bring out the extent to which I attach importance to these points, and as the Board did not even discuss these points, I have no option but to sever my connection with the Board."

Efforts to reconcile the differences failed, and from a battle waged within the board the controversy assumed the dimensions of a minor war with the press, public, policy-holders,

directors and shareholders joining in. Sir Purshotamdas was not the man to surrender easily and he continued the battle on another front.

In a letter to the Controller of Insurance dated August 10 he expressed his views with characteristic frankness.

"The very large amount which the Oriental Life Company hold today in their life fund belongs to the policy-holders of that company, and I have all along felt that it is grossly unfair that the scheme should not have been referred by the directors of the Oriental Life to the policy-holders of that company before applying to Government for final sanction. . . . I am definitely of the opinion that the Government of India would be doing great injustice to the policy-holders if they sanction this without giving them a fair opportunity to express their views."

Soon the readers' columns of the daily press, the share market, the local clubs and other purlieus of gossip and rumour echoed the controversy whose reverberations had already reached the Finance Ministry in New Delhi and the Controller of Insurance at Simla. In a press statement Sir Purshotamdas explained his stand on behalf of the policy-holders.

"In matters of this kind," he wrote, "when the fate of over nine lakhs of policy-holders and their survivors, many of them widows and orphans, is involved, I feel that the Board of Directors of the Oriental should have taken a fair and dignified view of the position rather than insist on a legalistic view and ignore the policy-holders altogether. If they had done so, the Oriental would have set an example by showing that the Directors of the Oriental do not overlook and make efforts to ride roughshod over the bare requirements of equity and fair-play."

It was not long before the Government acted and the mutualisation scheme was overruled. But for Sir Purshotamdas's intervention on behalf of the policy-holders the outcome might have been different.

Some months later, in January 1956, the Government peremptorily decided on the nationalisation of life insurance and along with other similar concerns the Oriental passed

under Government supervision and control. While doing so the authorities paid a high compliment to the Oriental, requisitioning the services of its manager, Mr. L. S. Vaidyanathan, as Custodian of the Oriental and extending to other life companies the standards and practice laid down by the Oriental. It was a compliment which greatly pleased Sir Purshotamdas who rightly takes pride in having contributed towards building and maintaining these high traditions.

Of the numerous appointments which he has held as director or chairman, a seat on a commercial bank is conspicuous by its absence. The reason for this is that Sir Purshotamdas has been associated with the Reserve Bank of India from its very inception and membership of the central board of the Bank prevents him from associating himself with the administration of any other similar institution. Yet for quite twelve years before that he was a power behind the banking business in another capacity, as one of the most active directors of the Imperial Bank of India. Sir Purshotamdas joined its board in July 1922 and was five times its President as also its Vice-President for the same number of times. These were years of exceptional difficulty covering as they did the worst period of the post-war slump and also coinciding with the economic blizzard which assailed the world. In this critical period Sir Purshotamdas's exceptional business knowledge and experience stood the Bank in good stead and his clear judgement and foresight were valuable assets.

The Imperial Bank of India, as we have seen, figured a good deal in the discussions of the Currency Commission as also of the Banking Inquiry Committee where the pattern of the central banking institution proposed to be set up in the country was the subject of active discussion. Throughout this controversy Sir Purshotamdas, while recognising the important role which the Imperial Bank played in India's economic and commercial life, was anxious in the country's interests to have some form of central banking institution. It was inevitable therefore that when this came into being in the shape of the Reserve Bank of India Sir Purshotamdas found an immediate and influential place on its councils.

On December 31, 1934 he resigned his seat on the Board of

the Imperial Bank and many and varied were the tributes paid to him by the directors as also by all ranks of officers. At a meeting of the board Sir Kenneth Macdonald, Managing Governor of the Bank, observed that Sir Purshotamdas's services and untiring devotion to the interests of the board could not be over-estimated while Sir Byramjee Jeejeebhoy remarked on his tact, courage and tenacity of purpose. While thanking the board Sir Purshotamdas predicted that the Imperial Bank, as India's chief commercial bank, would continue to grow in strength and promised that anything he could do to further its interests would be willingly done.

On the occasion of his resignation another of the bank's directors, Mr. E. J. Bunbury, wrote to Sir Purshotamdas, nostalgically recalling incidents that had called for cautious handling and eulogising his spirit of co-operation. Sir Purshotamdas reciprocated these generous sentiments and replied: "That we both, who have held varying views at times, did pull together and make opposition, whenever there was one and whenever we felt that they must meet us sometimes half way and sometimes nearer than half way, will always remain a cherished memory with me. From my place on the Reserve Bank Board, on grounds of public utility and national importance, no bank will be nearer my heart than the Imperial Bank of India as I know the inner working of that Bank and can safely say that the Bank is inspired by the same high ideals which any Indian patriot can have. It was only my feeling that I should not refuse an opportunity to help in building up what may ultimately become the most important banking institution in the country that weighed with me in resigning from the Imperial Bank and I hope to be able to give my best to the Reserve Bank as opportunity permits."

The House of Killicks stands high in Sir Purshotamdas's esteem and he has been an active director of the Kohinoor Mills, the Ahmedabad Electricity Co., Ltd., and the Bombay Suburban Electric Supply Co., Ltd., for many years. Until recently he was also on the board of the Surat Electricity Co., Ltd., but resigned due to the exigencies of advancing age. His association with the Killick group is in accord with the attitude he has consistently displayed towards industry



and business, whether Indian or foreign. Few of his contemporaries have more vigorously crusaded on behalf of the Indian entrepreneur in whose abilities Sir Purshotamdas firmly believes but simultaneously he has harboured no prejudices against foreign business interests so long as they functioned in the country on equal terms with their Indian counterparts and helped to advance the nation's economic progress. Because of this attitude he has long enjoyed the confidence and regard of British businessmen and managers, particularly of the Killick group. He was closely associated with the late Sir Henry Procter, a partner of the firm. Sir Purshotamdas's association with Sir Henry coincided with the period of a great expansion in the activities of the firm and its growth into one of the leading commercial institutions of Bombay. The happy friendship and mutual respect between Sir Purshotamdas and Sir Henry Procter had much to do with this happy *denouement*, and this association has been maintained by other successors of Sir Henry.

In the running of the Bombay Steam Navigation Co., Ltd., which was owned by Killicks in those days, Sir Purshotamdas's advice was particularly helpful. His unique knowledge of the cotton trade greatly enhanced his influence on the board of the Kohinoor Mill. In the case of the Branch Line Railways, constructed under the old "Branch Line Terms" in Gujerat, the Punjab and the Central Provinces, Sir Purshotamdas's wide experience and knowledge of the districts was of special assistance to the firm in dealing with the many complicated problems which arose.

Sir Purshotamdas took particular interest in the starting of the electricity supply companies at Ahmedabad, Surat and Bombay suburbs, all under Killicks management. These companies developed greatly, and here also Sir Purshotamdas's knowledge of the people, the regions and above all his understanding of the problems which arose from time to time between the consumers and the managements were of the most valuable assistance.

In a letter written by Mr. F. C. Annesley when he retired as head of the House of Killicks in 1930, Mr. Annesley refers to "the kindly critical spirit" of Sir Purshotamdas's advice

"which helps one on to the right decision." "I sincerely trust," continued Mr. Annesley, "that the present clouds of depression will soon lift and you know that there are few greater lovers of this country and its wonderful people. I hope that the Round Table Conference may come to a wise decision and meet the wishes of the far thinking and far seeing friends and people of this country by granting their desires, even if the transition period means difficulties."

In his acknowledgment Sir Purshotamdas made a reference to the type of European businessmen he would like to see in India. "I am looking forward to your working a good deal in India and for India yet," wrote Sir Purshotamdas, "and, therefore, do not wish to tell you what a very useful asset you are to India in European commercial circles. I am convinced that it is only men like you who are the hope of the Indian commercial community in European commercial circles and I can tell you that everyone who has come into contact with you has expressed to me his genuine regret that you should not be in Killicks hereafter."

During the past nine years the sweeping political and economic changes which the country has witnessed have not been without their influence on foreign firms in India, and throughout this difficult period Sir Purshotamdas's advice has been invaluable to the House of Killicks.

Another sphere in which Sir Purshotamdas's outstanding leadership and patriotism were shown to advantage was the development of India's external telecommunication services. The Indian Radio Telegraph Co., Ltd., was registered in the twenties for providing radio telegraph and telephone services between India and foreign countries. Radio was a comparatively novel science in India then and hence all, from the General Manager down to technical assistants and operating personnel, had to be obtained from the Marconi Wireless Telegraph Co., Ltd., London, the party that was to operate the London end of the India-U. K. radio service. However, one of the earliest steps taken was to depute a brilliant graduate of Bombay, Mr. S. R. Kantebet, for training at the Marconi Wireless College and Workshops. The performance of this candidate so pleased Marconis that they returned him

to India along with far more senior staff for the erection of India's first short-wave beam radio station.

From a technical assistant, Mr. Kantebet rose to become the General Manager of the Service in later years, another testimony to Sir Purshotamdas's unerring instinct in selecting the right man for the right place. Even on its nationalisation, the Government appointed Mr. Kantebet as the first Director-General of foreign radio services, renamed Overseas Communication Service.

Meanwhile, the India-England beam radio and similar services between England on the one hand and Canada, Australia and South Africa on the other, proved so successful that the undersea telegraph cables, which were the only links between these countries prior to the introduction of wireless, began to encounter mounting competition from the new arrival. It was becoming increasingly evident that if the race were allowed to continue, the cables might soon become relics of the venturesome nineteenth century. That would have meant letting some £ 40 million rot at the bottom of the world's seas and oceans. The British Government ultimately stepped in and virtually forced an amalgamation of the competing cable and radio interests. As a result, the Indian Radio Telegraph Co., Ltd., organised for working radio services, became the Indian Radio and Cable Communications Co., Ltd.

This was a happy development for the Indian company, but with it the question of Indianisation cropped up *de novo*. Cable technique differed somewhat from radio; the instruments to be used demanded more frequent and careful handling and above all vested interests started a whispering campaign that Indian officers lacked traffic sense and were poor in manipulative skill.

This constituted a challenge and Sir Purshotamdas, backed by other Indian Directors of the I. R. C. C. Board, arranged for certain Indian candidates then undergoing radio training to take a special course in cable technique at the Cable Company's own school. The candidates were eventually able to justify Sir Purshotamdas's hopes. On their return to India, they were placed as deputies to the Cable staff. In this capacity, they not only carried out their duties efficiently but

were able to suggest improvements. Being completely satisfied with the calibre of the Indian deputies, the company repatriated one by one all the loaned staff as their contracts terminated. Thus, the foreign telecommunications, started with a hundred per cent. European staff, could on nationalisation be transferred to the Government manned wholly by Indian officers. Credit for rapid Indianisation in this vital service — the only such link between India and the rest of the world — goes in large measure to Sir Purshotamdas who for many years guided its policies as Chairman of its Board.

Of the innumerable war-time and post-war ventures few joint stock companies have been so outstanding a success as the National Rayon Corporation Ltd. Yet in its early stages the Corporation had its teething troubles. Organised to produce rayon yarn on a large scale and with the backing of such reputable business houses as Tatas and Chinalis the Corporation had to approach the market for capital at a critical juncture. Paradoxically enough, the company's preference stock issue which guaranteed a fixed return attracted a poor response while the ordinary issue was a comparative success. Delays in the delivery of machinery and want of finances retarded progress and so bleak did the outlook seem at one stage that the shareholders displayed distinct signs of impatience. Some of them even demanded the winding up of the company, a proposal which had the support of a few directors.

Sir Purshotamdas, who was chairman of the board of directors, was cautiously optimistic. Having assessed the situation carefully he was convinced that once the venture got going it would be an outstanding success and he informed the agents of the company that if they could bring him Rs. 25 lakhs to start with, the company could be salvaged. This was done and since then the company, despite difficulties, has progressed. By 1953 the picture had changed entirely and with the Government's timely aid in the form of import control protection to encourage nascent industries the Corporation was set firmly on its feet and that year declared a maiden dividend of Rs. 9 per Rs. 100 share. The following year registered further improvement, and this enabled the Company

to distribute a higher dividend of Rs. 10 per share. By then the Corporation was a spectacular success but as usual Sir Purshotamdas thought it timely to signal caution. He had steered the Corporation calmly and wisely through the initial storms and when he resigned from the board in 1955 due to pressure of work he did so with the full satisfaction that he had placed the Corporation on a firm foundation. In their report for 1955 the directors paid a handsome tribute to Sir Purshotamdas's services pointing out how he had steered the Company clear of innumerable obstacles that had confronted it in its early years.

Another institution with which Sir Purshotamdas was long associated was the Bombay Electric Supply and Transport Co. Here also his business acumen, drive and organisational capacity were shown to advantage. Progress under Sir Purshotamdas's leadership was rapid and was marked by the introduction of omnibus services with excellent results for the Company and the city.

Although it was a joint stock company Sir Purshotamdas recognised its primary role as a public utility undertaking and he not only insisted on the highest standard of efficiency from its personnel but also urged that the hundreds of thousands of passengers it served should be liable only to the minimum financial impost. Due largely to his insistence Bombay's tram fares, on a service patronised mainly by the poorer classes, were fixed at a rate reckoned to be one of the lowest in the world. Oddly enough, since the Company has been municipalised, there have been several attempts to raise the common man's transport charges but so far these have been resisted.

## *Pacts and Planning*

FOLLOWING his arduous labours at the Round Table Conference and on the Banking Inquiry Committee which led to the inauguration of the Reserve Bank in April 1935, Sir Purshotamdas enjoyed a brief respite from public duties. His business interests and activities absorbed him. But in 1936 the call of national service came again.

The background to this summons went back to August 1932 when the so-called Ottawa Agreement entered into by the Government of India with the Imperial Government was signed. The Agreement which provided for mutual tariff preference was based on the principle of an exchange of 10 per cent. tariff preferences between the United Kingdom and India. On being referred to the Legislative Assembly it was considered by a Select Committee which approved of it subject to certain special safeguards, particularly for the constant observation of the working of the Agreement in order to note its effects upon Indian trade. In accordance with these recommendations Government submitted a bill to amend the Tariff Act, and this was later passed by the Assembly and the Council of State.

Public opinion, however, was hostile to the Agreement whose results were soon revealed to be overwhelmingly in favour of the Imperial Government. Under the terms of the Agreement a large range of British and Colonial goods enjoyed a preferential rate of duty from January 1, 1933. In addition the tariff was modified so as to admit free or at favourable rates several articles, the cheap import of which Government considered necessary in the interests of the country. These included certain raw materials, manures, agricultural implements and dairy appliances which were admitted free. Machinery and printing materials were assessed at 10 per

cent., and iron and steel railway material at 15½ per cent.

On January 9, 1935 a supplementary agreement was signed giving formal expression to the general principles governing the treatment of U. K. goods competing with the products of a protected Indian industry. Public opinion, however, grew increasingly restive and critical, and on March 30, 1936 the Assembly recommended that the Ottawa Agreement be terminated without delay. It also urged that the Government of India should immediately examine the trend of India's trade with various other countries and the United Kingdom and "investigate the possibility of entering into such bilateral trade treaties with them whenever and wherever possible to bring about the expansion of the export trade of India in those markets and submit such treaty or treaties for the approval of this Assembly."

On May 13 accordingly the Government of India gave notice of denunciation of the Ottawa Agreement, and negotiations were opened with the Board of Trade in London for a fresh agreement. The official delegate was the Commerce Member, Sir Zafrullah Khan, who was assisted by a committee of unofficial advisers headed by Sir Purshotamdas. The other members of the committee were Mr. G. D. Birla, Nawab Liaquat Ali Khan, Mr. Kasturbhai Lalbhai, Dr. P. Subbaroyan, Sir Edward Benthall, Sardar Datar Singh and the Maharaja of Parlakimedi.

Sir Purshotamdas had worked with Sir Zafrullah Khan at the Round Table Conference, and most of his colleagues on the committee were known to him. He was easily the most knowledgeable and experienced of the lot for apart from his wide practical business experience his knowledge of economic and commercial trends was extensive and profound. He set about the task with characteristic thoroughness.

On October 10 Sir Purshotamdas's committee submitted its preliminary report outlining in some detail its idea of a trade agreement between Britain and India. The committee was specially critical of the supplementary agreement entered into by the Government of India in January 1935.

"We regret to say," it noted, "that we are unable to see any reason which would justify the inclusion, in a trade

agreement relating to preferences, of matters which primarily concern the tariff policy of the Government of India, and which will restrict the power of India in the exercise of her fiscal autonomy to vary her tariff arrangements in accordance with the requirements of the country from time to time. There is a large body of opinion which does not think that it is right to bind India by an agreement with the United Kingdom to definite undertakings in regard to her tariff policy even though the agreement may be terminable at short notice. While as a matter of agreement we may concede differential margins of protection in favour of the United Kingdom in cases where such a course is justified by Indian interests, we do not think India should bind herself, in a trade agreement of the nature contemplated, not to revise her policy during the currency of the agreement. . . . Our view is that as a matter of mutual agreement, differential duties may not only be tolerated, but accepted, but so far as policy is concerned, it cannot be rigid in this respect, and can only be based on the ultimate advantage accruing to India at large."

The clue to the committee's outlook is contained in the last sentence — "the ultimate advantage accruing to India at large". This principle was to guide its investigations and recommendations.

While the committee generally approved of the Ottawa preferences it did so subject to certain important modifications. The foremost of these concerned raw cotton where a definite agreement was suggested whereby the United Kingdom would within a stated period increase its consumption of raw cotton from five lakh to ten lakh bales, and it was recommended that this undertaking should be incorporated in the next Indo-British trade agreement.

Another suggestion related to Indian linseed and other oilseeds. Here it was stipulated that the conditions which circumvented the preference granted to these commodities in the U. K. market should be withdrawn. These conditions were clandestine, having been interpolated after the conclusion of the Ottawa Agreement and without reference to the Indian legislature.

Following the submission of its preliminary report the



committee held a second meeting in Delhi to consider the proposals of the Imperial Government. To the dismay of Sir Purshotamdas and his colleagues these were even in excess of the Ottawa Agreement and it was obvious that the committee's preliminary report had received small consideration. The committee, however, refused to yield ground and insisted that unless the attitude of His Majesty's Government was substantially modified it would hardly be possible for its members to proceed further. This firmness yielded results and Sir Purshotamdas and his colleagues received a reassuring reply which gave them some basis for believing that there was possibility for a common ground of agreement.

All this entailed considerable labour and lobbying behind the scenes where Sir Purshotamdas was specially assiduous. Having, as he felt, crystallised the major differences in the viewpoints between the Indian delegation and the British interests involved, he decided that the committee might leave for England.

About the time the Indian delegation was proceeding to London Sir Purshotamdas's cousin, Mr. R. V. Mehta, took seriously ill and in fact died the morning after the committee had sailed. Ordinarily Sir Purshotamdas would have postponed his departure but on consideration he felt that if he kept back, Whitehall might find an excuse to postpone the talks indefinitely laying the blame at the door of the Indian advisers, specially himself.

In London the committee was faced with a complicated task. After some preliminary discussion it was decided that the delegation should in the first instance restrict itself to commercial items such as cotton textiles, jute exports and manufactured goods. Later it should tackle such matters as shipping, banking and insurance discrimination. The discussions unfortunately were marked with more heat than light and the Indian delegation worked in the glare of hostile publicity and propaganda. Sir Purshotamdas was not long in discovering that contrary to the expectations he had entertained in Delhi, Whitehall had even now not correctly appreciated the significance of the reports which he and his colleagues had submitted in India. "After coming to England,"

the advisers reported, "we found some difficulty in correctly gauging the attitude of His Majesty's Government, either in respect of their own desiderata or our own. Their modified desiderata came to us piecemeal, and we did not, at any given moment, know exactly the full extent of their demands. In respect of our desiderata, objections were raised in respect of some important items, and it was not until a later stage that we began to find out how rigid these objections were."

Against this hostile and ambiguous background the Indian advisers laboured valiantly. Four major issues dominated the agenda, the first relating to raw cotton purchases by the United Kingdom. Associated with this were two important issues, one concerning the extent of the general preferences to be enjoyed by India in the U. K. market and the other dealing with reduction in tariff on Lancashire piecegoods. The fourth issue concerned discriminatory action by U. K. exporters and importers against Indian insurance companies and banks.

The delegation, more particularly Sir Purshotamdas, was emphatic that Lancashire should consume from  $5\frac{1}{2}$  to  $6\frac{1}{2}$  lakh bales of Indian cotton with an eventual target of one million bales. The British Government was simultaneously driving a hard bargain and attempting not unnaturally to inflate the value of its own concessions. It found a stubborn and resolute negotiator in Sir Purshotamdas.

"I am unable to agree," he declared, referring to the Indian demands on raw cotton purchases, "that this small additional quantity of five or six lakhs will in any way help our agriculturists or compensate our industrialists in terms of the concessions which you demand. However this is the least that the United Kingdom can do for India's predominantly agricultural economy."

On the other issues the same stern battle was vigorously waged. Under the Ottawa Agreement preferences were allowed to the United Kingdom on import trade to the extent of Rs. 18.75 crores but the Indian delegation now insisted that the figure should be pruned to Rs. 3 crores. The British Government, on the other hand, pegged its position at Rs. 8 $\frac{1}{2}$  crores. On the issue of tariff reduction on Lancashire cloth the British Government declared that since Lancashire formed

a vitally important part of the United Kingdom's economic structure any pact must make due allowance for this fact.

"That," retorted Sir Purshotamdas, "might be so. But India's cotton textile industry is equally a no less important part of our economic structure and to place any handicap on it can be justified only in the wider interests of the country and its agriculturists."

The delegation also warned that the result of widening the Indian market for Lancashire cloth would have a deleterious effect on the Indian handloom industry which provided employment for thousands of villagers. A ding-dong battle ensued on the complaint of discrimination against Indian insurance companies and banks. Here Sir Purshotamdas and his colleagues urged that arrangements should be made by the Board of Trade for Indian apprentices to obtain necessary training facilities in British factories and commercial firms. They also insisted that Indian firms and traders should have equal rights of admission to such commercial forums in London as the Baltic Exchange and the Jute Trading Rooms where Indian representatives were only reluctantly admitted.

The Indian delegation did not achieve all its demands but as a result of its closely reasoned and vigorously urged representations some substantial concessions were secured. "It was not easy," as the Indian advisers pointed out, "to satisfy the claims of all groups or to reconcile divergent interests, but an effort was made to obtain maximum concessions for India on terms which were reasonable and fair. The difficulties experienced in evolving an arrangement which embodied the greatest common measure of agreement without sacrificing any vital interest were enormous: it may be claimed, however, that the agreement secured the object which had been constantly in view."

By and large this claim was justified. The much criticised supplementary agreement of 1935, for instance, was not renewed. While the concessions granted to India by the United Kingdom remained largely unchanged the general preferences granted by India to Britain were substantially modified. For instance the value of preferential imports from the U. K. which in 1935-36 was estimated at Rs. 18.75 crores was reduced to

an annual average of Rs. 7.68 crores. On the other hand under the Cotton Article Britain received a new concession with the lowering of duty on U. K. cotton piecegoods. This admittedly was an important departure from the old agreement but it was linked with the United Kingdom's increased off-take of Indian cotton and the benefit was thus mutual. In addition to the tariff concessions India secured certain material advantages, for example the modification of the U. K. drawback orders. Indian interests had been prejudicially affected by the grant of drawbacks in the United Kingdom on linseed and groundnut used in the manufacture of certain classes of exported goods but His Majesty's Government now agreed to withdraw this concession from groundnut oil and to modify it in the case of linseed oil.

The Indian delegation worked as a team and Sir Purshotamdas's informed and inspired leadership had much to do with the satisfactory outcome. The results might not seem excessive from the vantage point of an independent India but they can only properly be appreciated in the context of an India still tied politically and economically to the chariot wheels of Britain.

From pacts to planning seems a big jump. Shortly after his negotiations on the economic consequences of the Ottawa Pact Sir Purshotamdas moved to the field of planning, being appointed Chairman of the Economic and Industrial Survey Committee which was appointed in April 1938 and completed its labours in 1940. Associated with Sir Purshotamdas on this committee were Prof. C. N. Vakil, Dr. P. U. Patel, Mr. Mahomedally Habib, Dr. V. K. R. V. Rao and an official representative. It was a team whose ability none could question and whose industry was soon to be proved. The committee's terms of reference broadly covered three spheres including a scrutiny of the position of small industries in Bombay province, the work done by Government in the realm of economic development, and the measures and resources needed to promote economic development. Its report reflects the painstaking thoroughness of its study and inquiry although these were handicapped by some notable deficiencies. Statistics were woefully lacking as was also much of relevant data.

Nor were sufficient resources available to carry through an all-embracing industrial and economic survey. None the less the report constitutes an invaluable reference work and is a matter of pride for Bombay State which initiated the inquiry. Even now, when elaborate surveys and planning are the order of the day, the committee's conclusions are a useful source of information.

Planning has become a vital part of India's national life since independence. The Five-Year Plans inaugurated by the Government of India have familiarised all sectors of the people with the broad techniques of planning and with the need to raise the standard of living in a cumulative effort to jerk up India's economic progress. Yet in the years immediately preceding the war, planning was a relatively new concept and even the semblance of a belated effort by the British Government to facilitate India's economic development through a planned programme of expansion and diversification died prematurely with the outbreak of the war.

It was in the crucial pre-war period that the basis for future planning was laid by the appointment of the National Planning Committee in 1938 and later by the publication of the so-called Bombay Plan in 1944 by a group of prominent Indian industrialists. With both these efforts Sir Purshotamdas was closely associated, a gesture indicative of the confidence placed in him by the industrialists and by nationalist circles.

In 1938 when the Congress party controlled the Governments in all but three of India's provinces — Bengal, the Punjab and Sind — Pandit Nehru was able to persuade the Congress to set up a Planning Committee. This body comprised representatives of Provincial Governments and certain princely States along with fifteen members drawn from the ranks of industrialists, labour leaders and economists. Despite the lukewarm attitude of the British Government the committee secured the co-operation of both the Congress and non-Congress provinces and some of the princely States including the major States of Hyderabad, Mysore, Baroda, Travancore and Bhopal. Sir Purshotamdas was prominent both in its initiation and subsequent progress.

Officially the National Planning Committee owed its appoint-

ment to Mr. Subhas Chandra Bose, President of the Indian National Congress, who carried out the directives contained in the resolution of October 1938 of the conference of Provincial Ministers of Industries. This resolution read: "This Conference of the Ministers of Industries is of the opinion that the problems of poverty and unemployment, of national defence and of economic regeneration in general cannot be solved without industrialisation. As a step towards such industrialisation, a comprehensive scheme of national planning should be formulated. This scheme should provide for the development of heavy key industries, medium scale industries and cottage industries, keeping in view our national requirements, the resources of the country, as also the peculiar circumstances prevailing in the country. The scheme should provide for the establishment of new industries of all classes and also for the development of existing ones."

As originally appointed by Mr. Subhas Chandra Bose the committee consisted of eleven members including Pandit Nehru as the Chairman. The committee later co-opted several other members along with the representatives appointed by the provincial Governments. There were finally 33 members on the committee which met for the first time on December 17, 1938 in the Bombay Secretariat under the chairmanship of Pandit Nehru. Subhas Chandra Bose inaugurated the proceedings.

In all the committee appointed 29 sub-committees, each with detailed terms of reference, and the sub-committees, getting to work immediately, submitted with few exceptions reports which were considered by the Planning Committee in full session. Broadly the general aim was to ensure an adequate standard of living for the masses by stepping up production, industrial and agricultural, and also by ensuring a more equitable distribution of wealth. If the standard of living was to be really progressive the committee calculated that the national wealth would have to be increased by 500 to 600 per cent. but this seemed too ambitious a target and the committee later made it a 200 to 300 per cent. increase within ten years.

Even while it was considering the reports of its various

sub-committees the Planning Committee's work was peremptorily stayed by Pandit Nehru's arrest in October 1940 when he was sentenced to four years' imprisonment. He was released in December 1941 to be arrested again in August 1942 and detained without trial until June 15, 1945.

In August 1946 after the formation of the Interim Government at the centre the question of national planning was once again taken up and as a first step it was decided to edit, bring up-to-date and publish the reports of the sub-committees. Not all these reports were submitted when the committee's work was abruptly suspended but whether interim or final or no report at all, the work of these sub-committees was brought together, edited and published in a series initiated by the National Planning Committee.

Sir Purshotamdas took an active interest in the proceedings and progress of the committee and the various sub-committees and it is notable that Pandit Nehru, presiding over the final meeting of the committee held on March 26, 1949 in New Delhi, acknowledged how much the Government's national planning owed to the labours of this committee. In a letter to the then President of the Congress, Dr. Pattabhi Sitaramayya, the Prime Minister wrote: "It (the Committee) had a chequered career owing to the war and the arrest of many of its members. Unfortunately, it could not complete its labour in the manner intended. Nevertheless, it persisted in spite of all kinds of difficulties and collected and produced a considerable amount of worthwhile material for planning. This consists of 26 volumes containing the sub-committees' reports and a volume containing the report of the National Planning Committee itself. We have not at this stage considered it necessary or desirable to collate all this vast material or to pronounce judgement on the many recommendations made. That is a matter now for the National Government to take up."

Independent India's Government did take this lead with the appointment of the Planning Commission and the launching of the Five-Year Plans.

Between 1940 and 1945 when the National Planning Committee's activities were suspended the concept of economic planning, despite the war, impressed itself on the public mind

and could not be resisted. Indeed the colossal mounting demand for material and personnel brought into bold relief India's potentialities and shortcomings, and the Central Government which at one time had viewed with obvious derision the efforts of the National Planning Committee now flattered it by imitation. New Delhi at long last realised the need for a co-ordinated programme of development if the war effort was to be successful and the same Government which had refused to render any financial aid to the Congress Planning Committee now set up a Planning and Development Department of its own, placing it in charge of a distinguished businessman and retired Indian Civil Servant, Sir Ardeshir Dalal. An elaborate machinery of consultative committees, industrial panels, policy committees and the like was set up and large sums were voted to make this complicated structure function.

With the Centre under British aegis giving such a lead, Provincial Governments were not long in following suit and in their train came private individuals — industrialists, publicists and businessmen — who in turn prepared plans varying only in degrees of ambition and comprehensiveness. As the late Prof. K. T. Shah remarked, "There was abundant seed, many sowers and a rich harvest; but all the crop that could be raised was absorbed by the war demand."

Notable in these endeavours of national planning was that initiated by a group of industrialists, the panel being presided over by Sir Purshotamdas. Among the other members were Mr. J. R. D. Tata, Mr. G. D. Birla, Sir Shri Ram, Mr. Kasturbhai Lalbhai, Mr. A. D. Shroff and Dr. John Matthai. Sir Ardeshir Dalal, who was a prominent member of the team, signed the first part of the plan but could not affix his signature to the second part released in December 19, 1944 as in the interval he had assumed the office of Member for Planning and Development in the Government of India.

So widespread was the public interest stirred by the initiative of these private planners that for a while New Delhi tried to delay publication of their report in an attempt to steal their thunder. Despite this the sponsors succeeded in releasing the plan at an appropriate time and the report



attracted considerable attention and aroused controversy shared strangely by the conservative British Government on the one hand and the extreme left-wing elements on the other.

Looking back in the light of the recent Avadi resolution of the Congress it is interesting and significant to note how modest were the objectives set out by these planners, the large majority of whom were industrialists and businessmen. "The Plan set out (in this memorandum)," they stated, "is not in any sense a complete scheme nor is its scope so comprehensive as that of the National Planning Committee to whose labours the conception of a planned economy for India is very largely due. Our object is merely to put forward, as a basis of discussion, a statement, in as concrete a form as possible, of the objectives to be kept in mind in economic planning in India, the general lines on which development should proceed and the demands which planning is likely to make on the country's resources."

The principal objective of the plan was to bring about a doubling of the per capita income within a period of fifteen years from the time the plan came into operation, and it was stressed that in the initial stages attention should be concentrated primarily on the creation of industries for the production of power and capital goods. Apart from vital requirements in respect of food, clothing needs, housing, health and education the plan provided a broad outline for the orderly development of industry and agriculture.

In the light of subsequent developments it is interesting to note that the planners recommended that Rs. 10,000 crores could be raised for the plan from hoarded wealth, sterling securities, balance of trade, foreign borrowings, saving and "created money". The idea of created money which has now become familiar under the pseudonym of deficit financing is significant. This is what the national planners had to say: "We have estimated the savings which would be available for investment at a conservative figure (Rs. 4,000 crores). It is possible that a larger percentage of the national income than we have estimated may be forthcoming as savings. If this possibility, however, does not materialise, a large part of the capital required, about Rs. 3,400 crores, would have to be

created by borrowing against *ad hoc* securities from the Reserve Bank. New money to this extent can be created only if people have full confidence in the resources and *bona fides* of the Government that creates it. There is nothing unsound in creating this money because it is meant to increase the productive capacity of the nation and in the long run is of a self-liquidating character. At the end of the period, the general level of prices would in all probability be lower than at the beginning of the plan. During the greater part of the planning period, however, financing of economic development by means of created money on this scale is likely to lead to a gap between the volume of purchasing power in the hands of the people and the volume of goods available. How to bridge this gap and to keep prices within limits will be a constant problem which the planning authority will have to tackle. During this period, in order to prevent the inequitable distribution of the burden between different classes which this method of financing will involve, practically every aspect of economic life will have to be so rigorously controlled by Government that individual liberty and freedom of enterprise will suffer a temporary eclipse."

Sir Purshotamdas always held the view that although deficit financing had a vital role in planning in a poor country like India, a firm line had to be drawn in deploying this weapon. "Otherwise," he warned, "you will lose your credit." The views expressed by the Bombay planners on created money apply with equal force to the proposals of the Second Five-Year Plan.

Significantly and to their credit, despite their large stake in private enterprise, the Bombay planners, mainly under the initiative of Sir Purshotamdas, followed a middle course in the larger national context. Indeed they conceded without reservation that the existing economic organisation of the country based on private enterprise and ownership had failed to bring about a satisfactory distribution of the national income but on the other hand they felt that, despite admitted shortcomings, this organisation possessed certain features which had stayed the test of time and had enduring achievements to its credit "While it would be unwise to blind ourselves to the

obvious weakness of the present system," they declared, "we think it would be equally a mistake to uproot an organisation which has worked with a fair measure of success in several directions."

No less practical was the view of the planners on the question of inequalities for here they were forthright in expressing their view that total abolition of these inequalities was undesirable. "Subject to the provision of a basic minimum," they warned, "it is desirable to leave enough scope for variations in income according to ability and productivity. This will provide the necessary incentive for improvement in efficiency which is an important factor in the progress of a planned economy."

Nothing more strikingly illustrates Sir Purshotamdas's realistic and patriotic views on national planning than these observations of a committee comprised overwhelmingly of industrialists and businessmen.

## *Relations with Gandhiji*

IN THE political world Sir Purshotamdas enjoyed an unusual status. This derived as much from his independence, which expressed itself in a refusal to associate himself actively with any political party, as in his integrity which induced men of varied political affiliations to take him into their confidence and often seek his advice and assistance. With a cause that appeared to him worthy and righteous Sir Purshotamdas identified himself wholeheartedly. But he was no less firm in eschewing entanglements which he felt were detrimental to the country's interests and only calculated to achieve party ends. Thus for the professional politician he posed a perpetual problem. Nevertheless his solid record of work in the legislatures at the Centre and in his own province earned him the respect and regard of the various parties in opposition as also of the Government benches. His opinions were eagerly canvassed on various issues. The Congress, the Independent Party, the Hindu Mahasabha and many other groups sought at one time or another to woo him, but in vain, for the strait-jacket of party politics and party discipline was unsuited to Sir Purshotamdas's independent outlook and temperament. Yet his relations with the various political leaders were cordial and rested on mutual respect.

Perhaps no Indian leader judged Sir Purshotamdas more shrewdly and accurately than Mahatma Gandhi did. Their association extended over several decades and Lady Thakurdas was in fact a relative of the Mahatma. They also belonged to the same caste. So well did the two men understand each other and so deep was their mutual regard that throughout their long association Gandhiji never raised the question of politics nor asked Sir Purshotamdas to join the Congress or any other group. Each recognised the other's right to go his

own way. Gandhiji, having scrutinised and assessed Sir Purshotamdas's qualities, acknowledged in him an outstanding example of personal and professional rectitude and independence. On the other hand Sir Purshotamdas respected the Mahatma as one of a very small and elevated group, the honest politician. Each knew that the other's outlook differed on several matters including politics. Each made no secret of the fact but both, while agreeing to differ, also instinctively agreed to continue and preserve their relationship.

Sir Purshotamdas first met Gandhiji in 1920. At that time he was Sheriff of Bombay and he paid Gandhiji a courtesy call at the house of the Mahatma's host, Revashankar Jagjivan, a jeweller who resided at Gamdevi. While Sir Purshotamdas was conversing with the Mahatma Pandit Motilal Nehru walked in.

"Here is our Sheriff, Purshotamdas," said Gandhiji introducing his guest to Pandit Motilal.

It was Sir Purshotamdas's first meeting with Motilal who could not resist the temptation of a lively remark.

"It is only proper that you should lay down your office," he remarked, since the shedding of office and titles was then part of the Congress party's policy.

Knowing Sir Purshotamdas's equally frank and blunt mind the Mahatma intervened good-humouredly.

"He is not the man to leave his office because somebody asks him to do so," he remarked with his characteristic laugh. "He will leave it only if he wants to." And looking at Pandit Motilal, Gandhiji added, "And you must remember that he isn't under your influence."

In later years Sir Purshotamdas came to know Pandit Motilal well, particularly during his membership of the Legislative Assembly, and Motilal often recalled their first meeting and Gandhiji's introduction.

For Sir Purshotamdas the Mahatma entertained a warm regard and affection, an attitude which somewhat irked a few of the lesser lights in the Congress fold. With his shrewd knowledge of human nature and psychology Gandhiji realised that he could not make the same monetary demands on Sir Purshotamdas as he was accustomed to make on other affluent

members of the business community. None the less his sense of mischief often led him to banter on the subject and make a teasing comment.

"Do not think I have left you alone," he often reminded him. "I have only let my credit accumulate with you so that I can draw on it some day."

During the second Round Table Conference in London in 1932-33 Gandhiji on one occasion sent the late Charlie Andrews to Sir Purshotamdas with a demand scribbled in pencil in his customary fashion on a scrap of paper. The demand was for Rs. 5,000. It appeared that Gandhiji had received a letter from Dr. Rabindranath Tagore pleading for assistance to Shantiniketan, and since this was a non-political cause the Mahatma felt he could appeal to Sir Purshotamdas. "You will see that the necessary money reaches Tagore," he wrote.

"There is G. D. Birla at Gandhiji's disposal," said Sir Purshotamdas to Charlie Andrews. "Why should he draw on me?"

Andrews smiled, saying nothing.

Purshotamdas wrote out a cheque for the amount and handed it to Andrews but with a friendly warning, "Don't come for money to me again."

Andrews pleaded he had no understanding of these things.

"If Gandhiji asks me to see you again," he remarked, "I would have to do it."

In Sir Purshotamdas's words, "the Mahatma had a habit of milking the willing cow," but so far as aid to political parties was concerned he knew that Sir Purshotamdas was reluctant to serve as a 'Kamadhenu'. He therefore never sent his usual emissary, Mahadev Desai, to him but he often teased Desai on his inability to extract funds from the businessman. "You are a bad canvasser," he used to tease Desai. "You will never succeed with Purshotamdas."

Gandhiji invariably showed solicitude for the ill or ailing and on one occasion Sir Purshotamdas was the recipient of the Mahatma's kindness.

He was ill at the time and under strict orders not to exert himself in any way. Happening to arrive in Bombay, Gandhiji heard of Sir Purshotamdas's illness and soon after taking his

frugal meal at Birla House he asked for a car without letting anyone know his destination. Once in the car he instructed the driver to proceed to Sir Purshotamdas's residence, 'Suneeta'.

Sir Purshotamdas's room was on the first floor and attending on him were his wife and an English nurse. When Gandhiji arrived at the house he asked the clerk on duty where the master of the house was.

"He's upstairs," replied the clerk, "but the doctors have issued strict orders that he should on no account be disturbed."

Meanwhile Lady Thakurdas, suspecting the presence of an important visitor downstairs, came to the ground floor to inquire who it was and was surprised to see Gandhiji. She greeted the Mahatma who with a smile inquired, "Why have you come alone? Where is your husband?" adding, "If he cannot come downstairs I must go upstairs to see him."

Mindful of the doctors' instructions, Lady Thakurdas was a little embarrassed by the request. "I shall go up and ask Sir Purshotamdas what should be done," she answered. But the Mahatma had already started climbing the staircase.

"Surely you are not going to climb all the way?" Lady Thakurdas anxiously asked.

Gandhiji laughed.

"Not only can I climb all the way up but I can carry you too on my shoulders," he replied with a chuckle.

Ascending the staircase at his customary brisk pace, the Mahatma entered Sir Purshotamdas's bed-room unannounced. On seeing his distinguished visitor, the invalid sat up to receive him.

"What is all this nonsense about?" Gandhiji remarked walking towards the bed. "There is nothing wrong with you."

The English nurse who had not recognised the visitor gently reminded the Mahatma that she was under orders to allow no one to say anything that would excite the patient. Gandhiji smiled and sitting by Sir Purshotamdas's side, he took his hands into his own and started massaging them gently. He then turned to Lady Thakurdas.

"Are you looking after him well?" he inquired good-humouredly.

Said Lady Thakurdas, responding to Gandhiji's light banter, "I always do so except when a person like the Mahatma is with him."

Gandhiji continued his gentle massage for several minutes, assuring Sir Purshotamdas that there was really nothing to worry about. He would come to see him again, he promised.

"I do not doubt your physical capacity to do so, but why put yourself out?" replied the patient.

Gandhiji's visit appeared to have a soothing influence for that night Sir Purshotamdas slept exceptionally well. The Mahatma, as he had promised, dropped in frequently. He would come unannounced, climb the staircase and enter the patient's room. A brief massage was a feature of these visits and even the somewhat sceptical nurse had to admit that since the Mahatma's comings and goings Sir Purshotamdas had slept very well at nights.

Other incidents of Sir Purshotamdas's association with the Mahatma may be recounted. On one occasion Sir Purshotamdas, dressed in immaculate white muslin, was talking to Gandhiji when a common friend suggested to the Mahatma that he should inquire why Sir Purshotamdas did not wear khaddar.

"Why should I?" the Mahatma answered. "If he opens his heart, he is all national."

Sir Purshotamdas was touched by this delicate compliment but he could not help remarking: "Mahatmaji, you may think so but your followers do not for they continue putting Congress volunteers to picket at my very door."

It was then the height of the boycott movement and Sir Purshotamdas had been approached by certain Congress volunteers to prevent European business houses from trading in cotton on the exchange. He refused to oblige them. They, however, continued to insist but always met with the same firm refusal.

"If you want to boycott European business houses," Sir Purshotamdas advised them, "why don't you withdraw all the Indian staff from these concerns? What is the point in preventing free trade?"

These frank observations offended some of the more ebul-



lient Congressmen who retaliated by posting a couple of pickets before Sir Purshotamdas's house. In turn the Government posted two police constables to guard the residence.

The demonstration continued for several days, subjecting not only Sir Purshotamdas but other members of his household to much nervous strain. He himself could not move freely nor could his wife think of leaving their residence nor could their daughter pay them her usual visits. Meanwhile reports of the demonstration in front of 'Suneeta' reached Yeravda jail where Sardar Vallabhbhai Patel was detained. The news greatly upset the Sardar who, remarking that Sir Purshotamdas was "more our man than anyone else's", immediately sent word that the Congress pickets should be withdrawn. This was done and Sir Purshotamdas conveyed to the Sardar his gratitude for his considerate action.

"They should never have acted like that," was the Sardar's reply.

Sir Purshotamdas found it difficult to reconcile himself to the means which certain Congress quarters adopted in their fight against the British Government. He knew only too well that even when an apparent trade boycott of British cotton houses was imposed by Congress circles and their sympathisers, the latter reaped a rich harvest through backdoor business, purchasing cotton from the same British firms at discount rates. To him, as he often bluntly declared, the whole thing appeared to be nothing short of a fraud.

Gandhiji when told of this was disarmingly candid.

"You do not believe in our creed," he remarked, "there is no point in your joining us." The observation was an implied rebuke to his own over-zealous Congress followers.

Indeed the Mahatma had threatened more than once to leave Bombay if any individual were wrongly harassed in the name of patriotism. Gandhiji's sense of fairplay never deserted him and none appreciated this better than Sir Purshotamdas.

On another occasion, in 1934, Gandhiji wrote to Sir Purshotamdas requesting him to be one of the advisors of the All-India Village Industries Association. Sir Purshotamdas's reply is interesting and revealing, highlighting as it does not

only his own independent outlook but also the Mahatma's sense of tolerance.

"In reply to your letter of the 15th instant," wrote Sir Purshotamdas, "I have pleasure in communicating to you my compliance with your request to allow my name to appear among the advisors of the All-India Village Industries Association. You take it for granted that the objects of the Association and the method of approach to its task have my approval. May I request you to let me have a copy of the paper giving the objects of the Association and the method of approach to its task? I ask for this as I do not appear to have seen these in detail yet but I have no doubt that these would be such as to be above any criticism.

"Whilst placing myself at your disposal in this matter as stated above, I cannot help mentioning, for your private information, that I find that a number of people, who appear ostensibly to be Congressmen and wearing khaddar, unfortunately still continue to deal with and patronise non-Indian insurance companies even though Indian insurance companies of standing are available to do the same work at competitive rates.

"I have seen some remarkably sad instances of what I have mentioned to you, and, whilst men who ostensibly differ from you and the Congress in political matters are being run down as everything bad and unpatriotic, these so-called patriots do not hesitate to make a living, or at least a small profit, out of their hypocrisy. If things are ever to improve efforts should be made to stop such hypocrisy at every opportunity and in a systematic manner, and I write to you because I feel that, whilst the task which you have now undertaken appears to me to be difficult and requiring a vast amount of spade work, there are other comparatively easy methods by which to stop the drain on the country, and fire and life insurance business strikes me as one of the easiest of these."

While Sir Purshotamdas did not generally agree with Gandhiji's politics he knew that the Mahatma would never stoop to do a thing which was morally wrong. It was this knowledge and the measure of his regard for Gandhiji that made him agree to be an advisor of the Association without

knowing the full details of its work and organisation. Had the demand come from any other individual it is doubtful if he would have complied. Yet even after agreeing to be an advisor, Sir Purshotamdas characteristically told the Mahatma what irked his mind.

During Gandhiji's spells of imprisonment and his fasting ordeals Sir Purshotamdas invariably led the crusade for his release. He also worked consistently for a resumption of negotiations between the Congress and the British Government. The issues involved in those days were too large to be influenced by a single individual, however eminent. But Sir Purshotamdas had the satisfaction of knowing that his voice, though not always heeded, was listened to with respect by New Delhi who recognised in him a non-party man genuinely anxious to advance the country's well-being and progress.

As Gandhiji had said, "If he opens his heart, he is all national."

Proof of this was available in another field in which the Mahatma was also keenly interested. This concerned the condition of Indians abroad and opinion at home was particularly resentful at the treatment of Indians in South Africa. Sir Purshotamdas's association with this movement dates back to 1913 when he was a speaker among a list of distinguished public men who addressed a large audience of citizens at the Town Hall of Bombay on December 10. His Highness the Aga Khan presided and besides Sir Purshotamdas the speakers included Sir Pherozeshah Mehta, Sir Dorab Tata, Mr. Vithalbhai Patel, Sir Narayan Chandavarkar and Sir Ibrahim Rahimtoola.

In 1914 a South African Indian Relief Fund was organised at the instance of Gokhale. It had Sir Ratan Tata as its President and Sir Pherozeshah Mehta was its Vice-President and among the members of the committee was Purshotamdas. The purpose of the Fund was to help the Indian passive resisters and their dependents in South Africa and considerable sums were remitted to Mahatma Gandhi who was leading the struggle which culminated in the passing of the Indian Relief Act.

A large balance still remained in the coffers of the Fund

and it was decided to utilise this to establish a permanent organisation to safeguard the interests of Indians abroad. Thus came into being the Imperial Indian Citizenship Association with which Sir Purshotamdas was to be actively connected for thirty years. Gandhiji was one of the founders and Sir Purshotamdas was among the trustees. The Town Hall meeting of December 1913 had made a profound impression on his mind and his thoughts now turned actively on devising ways and means to improve the lot of his countrymen overseas. Sir Purshotamdas felt deeply about the matter and often expressed the opinion that if the treatment meted out to Indians in South Africa was meted out to Englishmen anywhere in the world it would constitute a *casus belli*. He never doubted that the cause of Indians in South Africa was just and righteous and that racial discrimination was indefensible in any civilised society. At the same time he was well aware of certain weaknesses in the Indian position. Having a profound faith in the British sense of justice and fairplay he was hopeful that sooner or later the legitimate grievances of Indians abroad would be redressed but he felt that unless the pressure of public opinion was brought to bear their cause would go by default. He recognised the delicacy of the relationship between Whitehall and Cape Town but he also felt that such difficulties should not be allowed to stand in the way of elementary human justice being done. He could not believe that the British Government was helpless in the matter.

Characteristically he set about studying the problem of Indian emigrants and pondering over practical ways in which to alleviate their lot and assist them. In this period the position of Indian settlers abroad, particularly in South Africa, Kenya and Fiji, was deteriorating rapidly. Unless a *rapprochement* was effected between Indian public opinion and the views of the British Government of India, nothing effective could be achieved. With this end in view he canvassed with moderation, persuasion and restraint the cause he had so much at heart. And here again, as in the political and economic fields, he found himself able to work in co-operation with the Government on the one hand and with Gandhiji on the

other. Serving first as a member of the Association's Council, later as its Chairman and finally as its President, Sir Purshotamdas identified himself wholeheartedly with its activities. Gradually he was able to change the Government's attitude from one of undisguised apathy to passive and often active sympathy. For the next thirty years neither the Government nor Gandhiji were to take a major decision affecting Indians abroad without consulting him.

One of the earliest problems which engaged Sir Purshotamdas's attention was the indenture labour system in Fiji which had led to the victimisation of many Indians residing in that colony. Through protest meetings held all over India under the auspices of the Imperial Indian Citizenship Association, public opinion was stirred on this issue and this agitation was buttressed by memorials and appeals submitted to Government requesting it to abolish the system forthwith. Unhappily the Government of India, unwilling to go counter to the wishes of the Colonial Office in London, took to dilatory tactics. Thereupon Sir Purshotamdas deputed the late Charlie Andrews to go to Fiji and investigate conditions on the spot. Andrews carried out a thorough, painstaking investigation and his report, reinforced by facts and figures, was a document difficult to challenge or controvert. The reaction was immediate and strong not only in India but in Britain and throughout the Commonwealth. Following the report Sir Purshotamdas interviewed the then Viceroy, Lord Hardinge, and was able to convince him of the urgent need for immediately abolishing the indenture system. Lord Hardinge brought his considerable influence to bear on Whitehall and the British Government finally accepted on behalf of the Government of India a Bill to abolish indenture labour, a measure which was placed on the statute book as the Abolition of Indenture Act, 1916. At that time the first world war was under way and the Act could therefore not be enforced until January, 1920.

For a long time the Government of South Africa had stubbornly resisted attempts by the Government of India to negotiate on the position of Indians in that Dominion. Cape Town contended that it was a purely domestic affair in which India had no right to interfere but in 1926, due largely to the

persistent agitation of the Imperial Indian Citizenship Association, it agreed to a Round Table Conference at Cape Town. Sir Mohammed Habibullah, then a Member of the Viceroy's Executive Council, headed the Indian delegation and kept in close touch with Sir Purshotamdas in India. The conference was successful in persuading the South African Government to proceed no further with the Class Areas Bill and Cape Town also agreed to receive an agent of the Government of India in order to facilitate more effective co-operation.

The first Agent nominated for this difficult and delicate assignment was the Rt. Hon'ble V. S. Srinivasa Sastri whom Sir Purshotamdas warmly recommended. During Mr. Sastri's term of office the position of Indians in South Africa improved to some extent. Sir Purshotamdas was concerned in an episode which reveals simultaneously his firmness and consideration. He learned that the emoluments paid to Mr. Sastri by the Government of India were inadequate for the Agent's requirements and he accordingly approached the Government and requested New Delhi to place sufficient funds at the disposal of Mr. Sastri. If, however, the Government was unable to accede to his request Sir Purshotamdas undertook to supplement Mr. Sastri's allowances from the funds of the Association. This was naturally derogatory to the Government's prestige and it lost no time in increasing Mr. Sastri's allowances.

Sir Purshotamdas followed very closely the trend of events in South Africa and the working of India's various agencies there. An incident revealed the scrupulous solicitude he showed for the welfare of the poorest Indian abroad. It was privately reported to him that the wife of an Indian Agent-General in South Africa, moved by the best of intentions, had prevailed upon the European residents of a certain locality to admit Indian children in their school on the basis of terms which were obviously humiliating but which the good lady concerned did not realise. One condition was that the Indian children would sit on the ground at the back of the class room.

Hearing this Sir Purshotamdas was rightly indignant. "Doesn't she realise that no education can be imparted in the stifling atmosphere of racial humiliation!" he protested.

The Agent of the Government of India in South Africa who, it would appear, was unaware of the arrangement was asked to retract it, and the dubious and degrading arrangement was abandoned forthwith.

At one stage the Government of India, on the request of the South African authorities, recruited a few teachers for the Sastri College at Durban. A number of these teachers met Sir Purshotamdas prior to their departure and in his usual careful manner Sir Purshotamdas took time to talk to them in an effort to assess their talents and training. He was distressed at the comparatively low calibre of these teachers and he lost no time in advising the Government of India not to recruit more teachers for South Africa in the country. The teachers, he discovered, had adequate academic qualifications but their knowledge of English, particularly conversational English, was so poor that their utility would be painfully restricted in South Africa where the medium of instruction was English. He was right in his fears and judgement for most of the teachers had their services terminated before the expiry of their terms.

A year before the coming of independence Sir Purshotamdas found himself involved in the obstreperous tactics of the Muslim League. Comprehensive anti-Asian legislation had been passed by the Union Government of South Africa and it was proposed that a public protest meeting should be held at Chowpatty sea face on March 31, 1946 under the presidentship of Mahatma Gandhi. At Gandhiji's suggestion, the Muslim League agreed to be among the sponsors of the meeting but they prefaced their acceptance with certain conditions which included a ban on the slogans of any political party, on party flags, on references to the Indian political question and on 'Vande Mataram' being sung at the meeting. It was also stipulated that the Muslim League would choose the Muslim speakers. These conditions were unhesitatingly accepted by the Mahatma and meanwhile Sir Purshotamdas, who was in communication with Mr. I. I. Chundrigar, then President of the Bombay Provincial Muslim League, had been informed by the latter that the place and time of the meeting suited the League. Sir Purshotamdas was therefore greatly

taken aback when shortly after Mr. Chundrigar changed his mind stating that "Mussalmans cannot agree to call a meeting at a time which conflicts with the time of Maghrib (evening) prayers" and demanded that "if you desire our co-operation you will have to change the time of the meeting." This, however, was impossible at that late stage and Sir Purshotamdas expressed his inability to comply with Mr. Chundrigar's sudden request. Thereupon the latter wrote back a somewhat minatory letter which among other things declared, "The test now is whether non-Muslims are prepared to give facilities to the Mussalmans to do their duty to God."

Mr. Chundrigar's *volte face* was so unexpected and his argument so specious that Sir Purshotamdas advised Gandhiji to abandon the meeting rather than make it the object of a communal storm. The incident is interesting for even before Mr. Chundrigar's about-turn Sir Purshotamdas had warned the Mahatma that the Muslim League would not co-operate with the meeting and if they did it would only be with the intention of breaking it. He was right.

South Africa, though a focal point of anti-Indian legislation, was by no means the only sore spot. In 1938 the Government of Kenya issued an Order-in-Council reserving the Highlands for Europeans. Sir Purshotamdas who always cherished a belief in the British sense of justice and fairplay had his faith much shaken and in a letter published in the *Manchester Guardian* of April 9, 1938 he expressed his reactions frankly.

"It is clear to us, as to Indians in Kenya," he wrote, "that all previous announcements and assurances by the Secretary of State for the Colonies and the Government of India have proved to be misleading. . . . There is a growing feeling both in India and among Indians abroad that the Government of India can no longer be relied upon to safeguard their interests in the Colonies. . . . It is tragic to contemplate that German, Austrian and Italian Jews can have greater rights in the Highlands of Kenya than Indian citizens of the British Commonwealth. . . . Never within my twenty-five years of public life in India can I recall a period during which despair and despondency have prevailed in India regarding our position in the Commonwealth to the extent one witnesses today. The



younger generation, of course, draws its own conclusion and believes in its own remedy."

In these years many difficulties beset the Indian emigrants abroad and appeals for help came from various parts of the Commonwealth including Fiji, Ceylon, Malaya, Burma, British Guiana, East and South Africa. To investigate these complaints Sir Purshotamdas often requisitioned the services of reliable observers, notably the late Charlie Andrews, and armed with their reports he often travelled to Delhi to plead the cause of emigrant Indians with the authorities who included the Viceroy. In 1927 he led a deputation consisting of some members of the Legislative Council to voice Indian disquiet and was successful in securing an assurance from the Viceroy that "the Government of India was both anxious and determined to leave nothing undone which was in their power to do to uphold the status and honour of the Indian community in East Africa."

One result of these personal efforts was New Delhi's decision to appoint a separate whole-time Secretary in charge of Indians abroad. Before this the problems of oversea Indians was the responsibility of the Department of Education, Health and Lands.

In various small ways Sir Purshotamdas displayed his practical interest in the difficulties and problems of oversea Indians. Thus, noting the inconveniences to which Indian emigrants passing through Bombay were subjected, he persuaded the Imperial Indian Citizenship Association to establish an Emigrants Home where passengers going abroad and returning from oversea countries could stay for a few days free of charge. This boon was greatly appreciated by those whom it benefited.

Another deficiency which Sir Purshotamdas noted was the lack of a brochure containing comprehensive information on the condition of Indians abroad. Here he mobilised the services of the Association's energetic secretary, Mr. S. A. Waiz, and the result was a handbook entitled "Indians Abroad Directory". The book was compiled and written under Sir Purshotamdas's personal guidance and when he sailed for England in May 1933 he took a copy of the volume with him

which he read on board. So pleased was he with the publication that he wrote to Mr. Waiz from Suez complimenting him on his effort. "I have gone through the Directory carefully," he wrote, "and send you this line to say 'shabash' to you. It is very well done for a first effort."

Sir Purshotamdas had considerable financial interests in Uganda and Tanganyika and whenever the question of Indians settled in that territory came to the fore he scrupulously abstained from taking any part in the subsequent representations since he felt it was unfair to do so in view of his financial commitments.

At the time of the controversy centring on the Clove Growers' Legislation in Zanzibar in 1937 he requested Gandhiji, who was then at Poona, to preside at a public meeting in Bombay. The Mahatma, who valued greatly Sir Purshotamdas's efforts on behalf of Indians abroad, readily assented but on one condition — that he would not be a mere nominal President but would take an active part in conducting the campaign on behalf of the Indian clove growers and this might well include a trip to Zanzibar.

"You know," warned the Mahatma, "I went to South Africa for our case and stayed there for eighteen years. If I go to Zanzibar, I do not know how long I might be away."

Sir Purshotamdas, sensing the import of this message, refrained from pressing the Mahatma to preside.

On the attainment of independence in August 1947 Sir Purshotamdas suggested to the Prime Minister the advisability of appointing Indian representatives in those parts of the British Commonwealth which contained large Indian settlements. The Prime Minister's thoughts were turning in the same direction and with the concurrence of the British Government representatives of India, designated as Commissioners, were appointed in the four major colonies — East Africa, Mauritius, West Indies and Fiji.

In 1948 the funds, files and other properties of the Imperial Indian Citizenship Association were handed over to the Indian Merchants' Chamber, Bombay, and the Chamber continued to carry on the good work of the Association. Sir Purshotamdas was entrusted with control of the finances and still continues

to take keen interest in the problems of Indians abroad.

To these emigrants his advice after the attainment of independence was to continue to work hard for the economic, social and political development of the countries of their adoption as their fathers and forefathers had done before them.

"One of the reasons which determined India's decision to remain within the Commonwealth," he reminded them, "was her solicitude for the future welfare of Indians in other parts of the Commonwealth."

## *The War and After*

"I AM interested in politics only to the extent that politics reacts on economics," Sir Purshotamdas once remarked.

This provides a clue to his attitude towards politics which has played a secondary but none the less important role in his career. Realising that economic progress was not possible without political advance Sir Purshotamdas was sensitive to every barrier that impeded national development, and he was always an ardent fighter for his country's freedom.

There is in fact a striking resemblance between his political credo and the present foreign policy of India which represents a dynamic attitude of non-alignment. Faced with an issue, whether political or economic, he was accustomed to weigh the pros and cons, only then declaring his opinion on the merits of the case as he saw it. At various points in his career he found himself fighting alongside different companions. Thus he co-operated vigorously with the nationalists at the second Round Table Conference but during the third session when the Congress decided to boycott its proceedings he parted company with them and attended the conference. With much of what the Congress stood for politically Sir Purshotamdas was in agreement, and on such occasions he spoke his mind freely. But at other times he found himself opposed to their policies and in the Central Legislature supported Mr. Jinnah's independent group on certain issues. Although primarily a liberal in outlook he refused to be a member of the Liberal Party. He pressed steadfastly for India's independence but during the last war when he realised that the cause of the Allies, with all its deficiencies, represented the cause of democracy he did not hesitate to throw the full weight of his support in their favour.

In other words Sir Purshotamdas has throughout his career

been a staunch believer in constitutional agitation. While a patriot and nationalist, as he proved in and outside the legislatures, he saw no merit either in facing *lathis* or courting imprisonment. He was content to chart out an independent course which had few parallels in the careers of his business colleagues and because he saw clearly and patriotically he was able to weld his principles and convictions into a well-knit code of political conduct that attracted the esteem and respect not only of political leaders and his colleagues in industry and business but often of Government circles.

In the eventful thirties and forties, when India's struggle for freedom reached its height, Sir Purshotamdas never swerved from the norms dictated by nationalist aspirations or his own conscience and conviction. He was a specially strong critic of the Government's economic policies and here he pulled no punches. In his view, economic discontent was at the root of political agitation and few of his contemporaries rivalled Sir Purshotamdas in the effective manner in which he probed and exposed officialdom's sins of commission and omission. Political leaders were not wanting but in the politico-economic sphere they were rare. Here Sir Purshotamdas was unchallenged, and both in and outside India, at New Delhi and Whitehall, he waged many doughty battles on his country's behalf.

When the second world war broke out Sir Purshotamdas, who had a creditable record during the first global conflict, was once again called upon to aid the authorities. At this time, the trend of nationalist thinking was clouded and confused. Sir Purshotamdas, having considered the issues, was firmly convinced in his own mind that it was in India's interests to back the Allied and British cause for he believed that aggression by any other foreign power at that juncture would gravely injure Indian aspirations, political and economic. Unlike many Indians at the time he had infinite faith in the capacity of the Allies in general and the British in particular to deliver the goods. Yet it is a measure of his independence that even at a meeting presided over by the then Governor of Bombay, Sir Roger Lumley, for the purpose of expediting the war effort he presented forcefully the nationalist point of

view. The meeting took place at the Town Hall in Bombay on June 10, 1940 and as Sir Purshotamdas recalled he was one of those who had also been invited to the same place 23 years before when the then Governor of Bombay, Lord Willingdon, had convened a similar meeting.

"I have no doubt," remarked Sir Purshotamdas in his speech which was among the principal utterances that evening, "that there will be no difference of opinion that India should do her best to help Great Britain, and indeed herself, in every way she can. In fact since the war broke out this has actually been in operation. The Indian National Congress, though not actively co-operating with the Government in the manner it would have liked to, has done nothing in any way to obstruct or slacken the pace or nature of help that India can give. During the last Great War, Mahatma Gandhi differed from every extreme political party and actually went round various parts of the country recruiting for the army. On the outbreak of this war, he personally offered unconditional co-operation to His Excellency the Viceroy, but he found that he could not carry the Congress with him, and he, therefore, suggested to His Excellency the desirability of an adequately reassuring statement by His Majesty's Government which would enable the Congress to throw themselves wholeheartedly into what strikes everybody as being the necessity of the day. For reasons which it is difficult to understand, such reassurance has not yet been forthcoming. But I think it will be always recorded in history to the lasting credit of Mahatma Gandhi that he has completely desisted from any step which can be said to either embarrass the Government of India or alienate in any way the sympathy of the masses in the work of making such assistance available to Great Britain as the conditions of India justify. I will refer only, in passing, to his advice last week to the public in his inimitable, clear-cut words not to be swayed by panic and not to hoard cash. The commercial community in India strongly feel that this attitude of Mahatma Gandhi and the Congress should not only not be undervalued but be appreciated at its correct worth."

"I am one of those who was invited in this same place in 1917, when the then Governor of Bombay, Lord Willingdon,

called a similar meeting which was then called a 'War Conference'," continued Sir Purshotamdas. "I feel that I will not be true to myself if I did not frankly express what, I believe, is uppermost in the minds of all thinking men in the commercial community, that in the intervening period of 22 years Parliament and the Government in Great Britain have underrated the importance of the goodwill and willing co-operation of India and the enormous potential resources of this sub-continent in men and material. What cannot be helped being felt today by Indians is that, whilst they have been pleading, agitating and even resorting to non-co-operation during the last ten years to be allowed to be a self-respecting unit in the British Empire, a continuously deaf ear has been turned to them. I should not be misunderstood when I say that all sorts of plausible excuses have been put up to show, not how India could be equipped to defend herself and face Germany and England's future enemies in an adequate manner, but how to continue her as a dependency to be sent for at Great Britain's will and necessity. Let me mention one concrete instance to which there is no reply. The average man in the street enquires off and on, What is India's means of defence against air-raids for instance? The reply can be only apologetic, if anything effective is to be considered. All this may be a sad subject, but I do not believe in self-deception either for myself or for those whom I have the honour to address today, and I feel that I should put this forward frankly."

"I still hope," Sir Purshotamdas concluded, "that Parliament and the people of the U.K. will even at this belated hour do the right thing and thus ensure to the people of India, without distinction of caste, creed, political party or religion, the opportunity to do the best that India can put forward in defence of the high principles for which Great Britain is fighting. With this sincere and earnest reminder to the Government of India and to His Majesty's Government regarding the thoughts uppermost in the minds of Indians as far as I have been able to ascertain them, I associate myself, without reserve and wholeheartedly, with the call that Your Excellency has made on this Presidency for further efforts to hasten the war to a successful end."

These were sentiments rarely expressed or heard or in fact permitted at war meetings but Sir Purshotamdas was one of the few who could voice his feelings boldly and the Government, knowing his constitutional outlook and independence of mind, was in no position to muzzle him.

At a subsequent meeting of the National War Front held at the Cowasji Jehangir Hall on May 16, 1942 Sir Purshotamdas made a typically commonsense appeal for co-operation.

"As far as I am concerned," he explained, "I want to make it abundantly clear that in spite of my desire for many and in some ways fundamental changes in the present form of Government and details of administration, I invite the people to support the National War Front on the plain commonsense ground that any aggression by a foreign power must put back the country by several decades, if not generations. If India is ever to reach her goal such as each one may have in view for India, it can be soonest only in co-operation with the British Government and no one else. I, therefore, feel that it is the duty of every patriotic Indian to make every effort in his power to organise such opposition to foreign aggression on India's soil as he can."

When the Allies ultimately won the war no one was more happy than Sir Purshotamdas who felt that his confidence had been justified and his policy vindicated. Indeed it was not long after that his faith in Britain's sense of justice was confirmed by the grant of independence.

Earlier during the war Sir Purshotamdas took an active part in several political conferences organised on a non-party basis. One such was a conference held in Bombay on March 14, 1941 under the chairmanship of the Rt. Hon'ble Sir Tejbahadur Sapru. At this meeting a resolution was unanimously adopted in favour of the immediate reconstitution of the Viceroy's Executive Council on the basis of a fully representative non-official Indian personnel. The resolution was well received in India and attracted considerable attention in England although the then Secretary of State, Mr. L. S. Amery, was tepid in his reaction. In July, however, the Government of India decided to expand the Viceroy's Executive Council and constituted a National Defence Council with



seven Indian members — Sir Homi Mody, Sir Akbar Hydari, Sir Raghavendra Rao, Sir Feroze Khan Noon, Mr. M. S. Aney, Sir Sultan Ahmed and Mr. N. R. Sarkar.

Commenting on this change Sir Purshotamdas expressed the hope that the nominated Indian members would do their best to put forward the Indian point of view and not any purely party point of view, whether Congress or League. Thereby, he suggested, they could help materially in bringing about a settlement which would see a return of popular governments to the provinces and the introduction of the principle of responsibility at the Centre. Only thus would they justify their nomination to the Viceroy's Executive Council at such a critical period in the history of the country.

Unfortunately while the appointment of these Indian members represented a concession, the gesture did not take India nearer to its political goal. On the contrary the attitude of the Viceroy, Lord Linlithgow, stiffened perceptibly towards the nationalist movement while simultaneously differences over the efficacy of satyagraha threatened disunity in the Congress ranks. Mr. C. Rajagopalachari and Mr. Bhulabhai Desai were openly sceptical on prevailing Congress trends and favoured a resumption of parliamentary activities. Meanwhile the Indian Executive Councillors were embarrassed by the Viceroy's unsympathetic attitude both to themselves and to nationalist sentiments. Their invidious plight was well known throughout the country and in August 1942 Sir Purshotamdas was constrained to write a letter to one of the members, Mr. Nalini Ranjan Sarkar, in the following frank terms.

"The attitude of the British Government and of the Viceroy," he wrote, "has stiffened very considerably since you were offered the post. Frankly, I do not think the Viceroy is doing any good to the British Government by his steadily stiffening attitude. It is difficult to understand his solicitude for India in any respect, judging by the appointments which he chooses to make and by the way in which he either prompts or permits his colleagues in the Executive Council to give interviews full of communal or religious bitterness. When people read your interview regarding the Congress Resolution I heard many

here say that perhaps you had to give the interview on inspiration from the Viceroy. They otherwise refuse to believe that you would hasten to say anything at this stage against the Congress, aware as you are, and perhaps most painfully, of the deaf ear which the Government have turned to all reasonable demands even of the Indian public. However, I can understand that once you are in your post, you may not like to give it up unless they become unreasonably obdurate. However, I wonder how long even your patience will hold on if the Viceroy is allowed to go headlong in adding insult to injury. As far as I am concerned, you will always find me at your disposal, but I must say that the very atmosphere of Viceroy's House appears to have changed for the worse since the offer was first made to and accepted by you. I cannot help feeling that the British public will some day discover that they were kept in the dark by the men on the spot."

Sir Purshotamdas, however, was not content merely to write to the Indian Executive Councillors but he set about mobilising informed public opinion in an effort to induce a change in the Viceroy's attitude. A memorandum which he sponsored was signed among others by Mr. J. R. D. Tata and Mr. G. D. Birla and is notable for its unusual combination of frankness and reasonableness.

"We are all businessmen," noted the memorandum, "and, therefore, we need hardly point out that our interest lies in peace, harmony, goodwill and order throughout the country. We are also nationalists, but we may add that our nationalism is not of a narrow type. We have always believed in creating a firm and solid foundation for building up a permanent friendship between England and India, and throughout our public career most of us have endeavoured to work for this object.

"We have read the resolution of the Working Committee of the Congress passed at Wardha on July 14 with great care. There are two parts of the resolution. The latter part refers to the Congress attitude that would be adopted in case its demands are not met. The former is the operative part which relates to the Congress demand. About the portion relating to the civil disobedience movement, His Excellency would

not expect us businessmen to look upon the probability of a civil disobedience movement with equanimity. If the movement is started it may have grave results and the interests of all could be secured only by preventing a catastrophe. The reason why we approach His Excellency is our conviction that the disaster can be successfully averted.

"Analysing the operative part of the resolution, we find that the Congress looks upon the danger of a Japanese invasion of India with great concern. And this, we feel, is the strongest common ground between the Government and the Congress. It is perfectly true, and we say this from our personal experience, that the feeling of resentment against the existing Government and the U.K. has today penetrated deep among the masses of India. When war started there was an atmosphere of sympathy for the democracies and hostility against the Axis powers. Unfortunately, that sympathy has gradually changed into indifference and ultimately into hostility. We should be failing in our duty if we do not clearly place before His Excellency the bare statement of this fact which stares everyone in the face.

"We have reason to believe that Gandhiji has no desire to create a very serious situation in India which is bound to be in consequence of starting the non-co-operation movement, and that if real power could be transferred to India, the Congress would be satisfied. It is only by the transfer of such power that the country could be galvanised in opposing an invader. We feel certain that the Congress, which has fought for the freedom of India for over half a century, can have no desire to see it bartered away to another foreign power.

"It may sound strange that a party fighting throughout its existence against British rule should be credited as anti-Axis and, therefore, pro-British at this juncture. One finds a parallel in the Wafd party which, in spite of its long fight against Britain for the independence of Egypt, is the greatest bulwark now on the side of the democracies. Since the Congress has fought for political freedom for India, naturally it is best qualified among other organisations in India to fight against the Axis invasion. We submit that the only method of

converting a hostile India into a friendly one is to change the atmosphere in the country. The people should be made to feel that it is their own Government, their own country for whom they have to fight and that their prestige, honour, independence, their very life is at stake. All this could be done only by granting political freedom to the country."

These efforts, however, came to nought and in August 1942 the passing of the historic Quit India resolution by the Congress led to the imprisonment of Gandhiji and the entire Congress Working Committee and were followed by many months of turmoil and unrest on the popular side accompanied with unbridled repression by the Government. Even so, Sir Purshotamdas, though unhappy, was not dismayed and in a letter to his friend, Sir Shri Ram, he suggested that individuals like themselves should still continue to give the Government their frank advice.

"I think," he wrote, "it is the duty of people like us to tell the Government, and any responsible person who may be asking us, our frank opinions. I myself feel that an unparalleled tragedy is being enacted in India. I cannot believe that the British public or even the Cabinet can mean all that is being done on their behalf. Things are at sixes and sevens and I feel that official statements, etc., will not help.

"I hope you are in touch with Mody, Sarkar and other friends in Delhi if they do not avoid you. The game of working off the Muslim League against the Congress has gone on rather too long. Surely, if both sides are unreasonable, as they appear to be, the British Government have the sacred duty to themselves and to India. But the demoralisation and chaos which are being engendered undoubtedly are double-edged weapons which may give a set-back to Indian nationalism for some time, but it will undoubtedly endanger British prestige and authority for much longer.

"The mist of suspicion is getting deeper and darker and no one man trusts another, at least as far as the European and Indian elements are concerned. I cannot help feeling that the Government appear to have themselves got into a state of panic. The latest instance is that there is to be no enquiry into any shooting in, say, C. P. and Berar. A little common-

sense will enable anybody to realise what this can lead to. I am thinking more in the interest of British power in India than of Indian nationalism. Complete removal of any power or weakening of it will put the country in chaos without much delay."

Sir Purshotamdas, despite discouragement, continued to maintain a realistic attitude. Another person whose views he canvassed at this juncture was Sir V. T. Krishnamachari, who was then the Dewan of Baroda. Repression, he wrote, could never be the final solution to the prevailing upheaval, however wrong that upheaval might be.

Meanwhile Gandhiji from behind prison bars announced his decision to start a three-week's fast from February 10, 1943. The Mahatma's move greatly distressed Sir Purshotamdas who also resented the Government's adamant attitude. On behalf of the East India Cotton Association he sent a strong representation to Lord Linlithgow appealing to him to release the Mahatma unconditionally following which Gandhiji might possibly be able to review conditions which had developed since his arrest. This, stressed Sir Purshotamdas, was all the more necessary in view of the fact that the Mahatma's adherence to non-violence was not questioned.

Shortly after, a Sheriff's meeting was convened in Bombay to demand the unconditional release of the Congress leader. Sir Purshotamdas was elected President of the meeting, and in his speech he declared that he felt there could be no act weighted so heavily with risks to the country than the continued detention of Gandhiji. He failed to understand how despite the insistent and persistent demands of the public, Government remained adamant. If the old and false idea of prestige still persisted he had no doubt that those who stuck to it would have to pay for it very dearly before long. If they doubted the *bona fides* of Gandhiji they would find it difficult to justify their actions before any set of people either in India or England or in any other part of the world. The speaker said that he firmly believed that no one in India wanted the Axis powers to win and as far as India was concerned the solution could only come with the release of Gandhiji. It was not merely a question of winning the war

but also of winning the peace and Sir Purshotamdas felt that no peace could be won unless the apostle of peace was himself released.

On March 9 and 10 a major conference of the country's leading politicians and industrialists was held under the presidentship of Sir Tejbahadur Sapru. The conference passed a resolution stating that the deplorable trend of events in the country required a reconsideration of policy both by the Government and the Congress.

"The recent talks which some of us had with Gandhiji," it stated, "lead us to believe that a move for reconciliation at the present juncture will bear fruit. It is our conviction that if Gandhiji is set at liberty he would do his best to give guidance and assistance in the solution of the internal deadlock and that there need be no fear that there would be any danger to the successful prosecution of the war. The Viceroy may be approached on our behalf to permit us, a few representatives, to meet Gandhiji authoritatively to ascertain his reaction to recent events and to explore with him the avenues for reconciliation."

Apart from Sir Purshotamdas the other supporters of the resolution were Dr. M. R. Jayakar, Mr. Srinivasa Sastri, Mr. C. Rajagopalachari, Mr. Bhulabhai Desai, Mr. K. M. Munshi, Dr. Shyama Prasad Mukherjee, Sir P. S. Sivaswamy Iyer, Mr. J. R. D. Tata and Mr. G. D. Birla. Lord Linlithgow was a man of wooden will and obtuse mind. While agreeing to meet the signatories he insisted that they should send him in advance a copy of the points they proposed to raise, and to this he was only prepared to give a written reply. In other words the meeting with the Viceroy would be a mere formality.

The reactions to Lord Linlithgow's reply were somewhat mixed for while Sir Tejbahadur Sapru appeared to be in two minds, both Sir Purshotamdas and Mr. Rajagopalachari felt that there was no point in meeting the Viceroy on the terms he stipulated. It was accordingly decided to send a somewhat curt reply which Mr. Rajagopalachari did in the following terms: "As exchange of views on the spot has been ruled out by His Excellency, we think it unnecessary to take up his time over formalities. Our statement with the addition

now made may be treated as officially presented and released for publication along with His Excellency's reply as already proposed."

The memorandum submitted to the Viceroy and signed among others by Sir Purshotamdas, Mr. Rajagopalachari, Pandit Kunzru, Mr. N. M. Joshi and Mr. K. M. Munshi stated: "We have carefully read the correspondence which has passed between His Excellency and Gandhiji and which has been published. We feel that Gandhiji has already expressed his disapproval of violence and sabotage and we have no doubt that he will cast his influence on the side of internal harmony and reconciliation. The correspondence and the statements published in connection with the fast have themselves discouraged the disturbances and the contemplated meeting with Gandhiji will, in our view, further the same object. We feel that though order might have been restored on the surface, every day that passes without a solution of the Indian problem intensifies the hostility between Britain and India, and renders any future solution more and more difficult to attain until, we apprehend, it may become even impossible. We are convinced that Gandhiji's assistance is essential for the restoration of goodwill and for a solution of the problem even for the interim period including an adjustment of Hindu-Muslim claims. On the other hand, unpleasant as it is, we cannot help feeling that refusing to permit us to have any talk with Gandhiji now would be equivalent to a determination on the part of Great Britain that there should be no attempt at a settlement of the problem and no reconciliation between nationalist India and Britain."

It was a prophetic warning.

The leaders' decision not to meet the Viceroy was widely acclaimed in the country and the Viceroy's own reply justified the deputation's doubts. It was couched in such disappointing terms that even Sir Tejbahadur Sapru, no longer in two minds, was moved to remark to Mr. Rajagopalachari that they had acted wisely in not waiting in deputation on Lord Linlithgow.

Sir Purshotamdas was not content to leave matters at this point. Along with Mr. Rajagopalachari, Mr. K. M. Munshi

and Pandit Kunzru he felt that the Viceroy's reply demanded a brief but firm answer, and the joint statement of these leaders reflects these sentiments. "His Excellency the Viceroy's reply to our memorandum in rejecting our request for permission to seek Gandhiji's advice must cause profound disappointment throughout the country. His Excellency's reply notes with regret the absence in the memorandum of an unequivocal condemnation of the Congress campaign of violence. We trust that His Excellency has no doubts regarding our own attitude or that of the signatories to the Bombay resolution towards violence. But if this observation is meant to demand that we should accept, merely on the authority of Government's *ex parte* finding, the view that the Congress Working Committee was responsible for the acts of violence of the last few months, as a condition precedent for complying with the simple request of the delegation, we have to state that it is a most unfair demand. We claim that it was in the public interest and as representing the most influential and patriotic non-party men in India, earnestly desiring a settlement and a thoroughly sound defence organisation broad-based on the satisfaction of the entire population, that we wanted facilities to meet Gandhiji. His Excellency's refusal to alter his attitude towards the Congress and the policy of seeking to humiliate nationalist India are bound to drive hostility underground and into undesirable channels. But apart from that it is most unfortunate that His Excellency while admitting the necessity for a national Government insists on a policy which means in effect that throughout the period of the war with the economic conditions created thereby, there can be no such Government in India and that we must be content with an administration like the present with no backing except that of force."

Events were to justify this reading of the situation.



## *On Many Fronts*

WITH Gandhiji in prison the political tension outside continued. In December 1943 Gandhiji's wife, Kasturba, fell seriously ill and so grave was the deterioration in her health that the Government was compelled to issue a communique announcing the fact.

Sir Purshotamdas, who cherished a great regard for her, was deeply distressed by the news. He decided to sponsor a representation, endorsed by many of Bombay's leading citizens, requesting the Government to allow Kasturba's relatives and friends more generous facilities to visit her.

After referring to the grave lapse in her health and her old age the representation stated, "We have no opportunity to consult her wishes but feel that in such health she may not like to be away from her husband, Mahatma Gandhi. From a recent press note we learnt that the Government was good enough to permit her near relatives to meet her. But for each interview permission had to be asked and they could not stay with her. We need hardly observe that the disease from which Smt. Kasturba Gandhi is suffering is such that her life may be considered to be in danger at any moment. We write this to request Your Excellency to be pleased to grant a continuing permission for such of her relatives whom she may desire to meet and remain with her. In making this suggestion and request, we have no doubt that we are expressing the desire of the vast majority of the people in India."

Government relented somewhat but Kasturba was not to survive for long. On February 22, 1943, she died and three months later Gandhiji, whose health had also deteriorated, was released on May 6. Sir Purshotamdas naturally rejoiced at Gandhiji's release, and in a telegram to the Viceroy

expressed his gratification over his "statesmanlike decision".

"I sincerely hope," he added, "that this move will be followed by all sides in the right spirit."

Two months later in an interview to Stuart Gelder, correspondent of the *News Chronicle* of London, the Mahatma stated that he had no intention of offering civil disobedience at the moment and that in any case he could not take the country back to 1942. He also emphasised his intention not to embarrass the British Government. Clearly this implied a waving of the olive branch and it was thus that Sir Purshotamdas construed it. In his opinion the Mahatma's clarification of the political situation was helpful and called for a responsive review of policy by the Viceroy. Accordingly, with ten other leading industrialists including Mr. G. D. Birla and Sir Homi Mody, he appealed to Lord Wavell not to miss "this opportunity of exploring the possibilities of a settlement".

In a personal letter to the then Editor of *The Times of India*, Sir Francis Low, dated June 1, 1945, Sir Purshotamdas elaborated this theme. "The political situation in India," he wrote, "has been worked up to such an extent that it may not be difficult for anybody who wishes to play with it to do so and show to the outside world that the British Government has always been in the right. As I told you when you saw me last, there are many mistakes made by the Congress, including Mahatma Gandhi. I myself feel that although people may not be prepared to say this frankly, they really smart under this. However, it is unfortunately true that the British have not every time tried to do the right thing in the right spirit. They tried to put the Indian political parties as it were to the test. Sometimes these parties aimed at something too high and missed. At others, out of sheer impulse they rejected what was offered to them thinking that a better offer would come to them. But this sort of manoeuvring for position or of fault-finding has not helped towards a better understanding between India and England.

"With some members of the industrialists who are at present in London, I feel that H. M. G. can really get on to a better preliminary basis of understanding, but I still cannot help saying that it is necessary to release Nehru, Patel and the

others from jail and give Mahatma Gandhi the best opportunity of a settlement. Of course, the question of the Muslim League is there. But as I told you, H. M. G. has definitely to decide whether it will weaken India by being a party to any sort of division of India or whether they will let Jinnah perceive that H. M. G. cannot take any such odium of permanently weakening India. With the awakening amongst the Arabs in the Middle East the danger of Pan-Islamism being encouraged in the north of India should not be overlooked."

"Is it not reasonable," he continued, "to conclude that in any such contingency (of a third world war), a friendly India will be a greater asset to the United Kingdom than a discontented India kept down by manoeuvring and playing one party against the other? I earnestly hope that British statesmen will show wisdom, foresight and the breadth of conviction necessary to come to a reasonable settlement with India. Such a settlement is in the long run to the mutual interest of both the countries."

Realising that mistakes had been made on both sides and that neither side stood to gain by a prolongation or intensification of the atmosphere of distrust and suspicion, Sir Purshotamdas felt at this juncture that the country's cause was best served by attempting to reconcile both in an effort to advance India's political progress and economic welfare. He was obsessed greatly by these thoughts, and having friendly contacts in both camps he believed it to be his duty to help both sides to a settlement. He followed up his letter to Sir Francis Low with another to a former Editor of *The Times of India*, Sir Stanley Reed, who at that time was a Member of the British Parliament. "I note what you say regarding the political situation," observed Sir Purshotamdas, "and will only say that as far as I can see it will be fatal to all interests to allow things to deteriorate further. I am not quite sure myself that the other major powers are completely indifferent in this matter or have no interest, but I am afraid full consideration by H.M.G. in this matter is being overlooked and India is being asked to settle things for herself amongst the various parties. This is next to improbable under existing circumstances."

Independence was to come, and come sooner than many on either side believed possible. India, however, was to pay a heavy price in the shape of partition and Sir Purshotamdas, while rejoicing at the prospect of his countrymen managing their own affairs, both political and economic, was not enamoured of the idea of partition. None the less with his ready realism he acknowledged that this was the only practical and possible solution in the prevailing circumstances, and faced with the alternatives of internecine warfare or a partitioned India he had no hesitation in accepting the latter.

It is interesting to recall his earlier warnings against the vivisection of the country in the light of subsequent events. As early as September 27, 1944 he had declared that the importation of prejudice and passion had clouded men's minds and that it was difficult to view the Muslim League's demand for Pakistan calmly. For a long while he had scrupulously avoided giving expression to his opinion on this matter but a time came when his studied silence was likely to be misunderstood and he was compelled to give voice to his own doubts and fears.

"My own conviction," he then said, "is that the question of Pakistan is the extreme result of the efforts of politicians on both sides — Hindus and Muslims who are communally minded — to insist on what they call their rights. As one claiming nothing more than bare commonsense, I feel that both Hindus and Muslims are sons of the soil who need not emphasise their bare rights of citizenship which are their birth-rights in India. This question (of Hindu and Muslim rights) has gained prominence as a result of a fanning of this feeling by the Britisher in India who, history proves, has adopted the policy of divide and rule. That the best of our public men have fallen into the trap is a tragedy for India. But the root of this is politics of an undesirable order (lower beyond a certain stage). As I am not versed in this sort of politics, I am not qualified to deal with it.

"The Hindus and Muslims in India have to live and die in India. When I take my memory back to what I have seen in the last 60 years and more of my life, I wonder how any sane man can think that the Hindus and Muslims of India

can be separated as a result of the political ambition of one party or the other. I can recall to my mind dozens upon dozens of cases where Hindus have looked after the minors of their Mohammedan friends and helped them to resettle in life. I can equally recall to mind the instances where Muslims have done the same.

"One shudders to think what has happened to the average thinking son of the soil in India, whatever community he may have been born in, when he blindly overlooks the fundamental principles of economy and, at the instigation of a few ambitious politicians, asks for what is a definitely retrograde step for self-preservation in the world as it is being evolved. I strongly implore the masses of Hindus and Muslims not to heed the politician when he asks for separation of the two communities who have lived so usefully in India side by side. There is so much constructive work to do in India for the uplift of the masses that I wonder how any thinking Indian can think of wasting his energy in creating disunity among the people instead of pressing for a united front not only regarding the attainment of swaraj, but regarding the elevation of the masses to a more respectable and more contented livelihood."

These were wise warnings uttered in a spirit of constructive helpfulness but the communal floodtide released by the prevailing bitterness was too overwhelming to pay heed either to reason or restraint. Partition came and with it a conflagration and bloodshed which took heavy toll of both sides and left a lingering legacy of bitterness in both camps. It was unfortunate but inescapable and as such Sir Purshotamdas, along with Mr. Nehru, Sardar Patel and other public leaders, recognised and accepted the fact while deploring it.

The post-independence years were to witness a slackening in the tempo of Sir Purshotamdas's political activities. For one thing the administration was now in the hands of leaders who enjoyed the enthusiastic support of the country's masses, and crusaders of Sir Purshotamdas's calibre and status had a comparatively small place in guiding a Government based on adult franchise and propelled along socialistic paths by the election manifestos of the Congress Party. Moreover under

medical advice Sir Purshotamdas had to curtail his many-sided activities and content himself with intervening only when he felt that the country's interests demanded it.

With much of what occurred in the immediate years following independence Sir Purshotamdas heartily concurred. More especially he approved of the manner in which Sardar Patel carried through the integration of the States, in itself a miracle of political and administrative achievement. The vigour with which India's newly independent Government tackled the problems of rehabilitation and many other political anxieties which beset India following partition also won his approval. But he was less happy over the Government's economic policies which he felt were impregnated more by demagogic idealism than by practical commonsense. Here he would have had India move more slowly and more surely and from his favourite platform, as Chairman of the annual meetings of the East India Cotton Association, he did not hesitate to assail the Government's economic policy more especially the leviathan of controls which in his opinion sapped economic initiative and put a premium on public and private dishonesty. Even so he co-operated with the Government on the economic front and the respect which his integrity, experience and ability still commanded in official circles was shown by the reliance which a succession of textile commissioners, charged with administering the Government's cloth and cotton controls, placed on his always ready and reliable advice. In the coming and crucial years he was to help the country and the Government in the solution of many difficult economic problems, particularly those relating to the complexities of the sterling balances and to the complications of rural banking in India.

During the closing years of the war and for some time thereafter few issues, apart from the political problem, agitated the public mind more than the fate of India's sterling balances. These balances represented the unrequited export of goods and services from India to Britain during the war, and when hostilities ended the accumulated balances to India's credit had assumed an impressive total. In September 1939 on the eve of the outbreak of the war the sterling assets held by the

Reserve Bank of India were Rs. 64 crores but by March 1946 they had accumulated and grown to a total of Rs. 1,724 crores. This epitomised India's laboured and lavish contribution to the British cause in which were also expended much blood, toil, tears and sweat.

Indian suspicion that Whitehall would seek to whittle down the British Government's debt was strengthened by certain manoeuvres which the City of London and Fleet Street initiated as the war neared its close. It seemed as if the ground was being prepared for a revision of financial liabilities and debts, ending inevitably in a ruthless scaling down if not a total blocking of the sterling balances. It was contended by these inspired quarters in London that a substantial part of the war expenditure reflected in the accumulation of the balances was spent on India's defence particularly after the entry of Japan and that India's exports were made available at unconscionably high prices. Not unnaturally these manoeuvres provoked sharp reactions in India and Sir Purshotamdas, following an article written by Lord Keynes in the *Economist* in 1944, entered the fray with his customary courage and forthrightness. Sir Purshotamdas construed Keynes's article as a deliberate attempt to induce the Government of India to agree to a re-negotiation of the financial settlement and a move simultaneously to prepare Indian and British opinion for this *denouement*. At that time the Finance Member, Sir Jeremy Raisman, was in England and Sir Purshotamdas feared that since Sir Jeremy had negotiated the earlier settlement pressure would be applied on him by Whitehall to support the modification. He was not slow in making his fears public.

"It is not difficult," he wrote, "to conceive in what a difficult position he (Sir Jeremy) must find himself as the representative of a Government not responsible to the people of India. It needs no elaborate argument to prove that unless all these negotiations regarding India's sterling balances are conducted with His Majesty's Government by the representatives of a fully responsible Government of India on terms of complete equality, the results will be rightly regarded by the Indian public as unilateral decisions forced on India by virtue of political dominance. The enforcement of any such decisions

on India, threatened as she is with an economic collapse, would falsify the admirable sentiments expressed by the United Nations including Great Britain, regarding the aims and objects of the present war."

Here Sir Purshotamdas was arguing to a brief with which he not only enthusiastically agreed but with which he was fully conversant for his long study and experience of the economic policies of Whitehall and New Delhi had given him an unusually clear insight into the intricate problems they posed. Looking back he recalled the many milestones along the tragic road beginning with the appointment of the Babington-Smith Committee, the rigging up of the exchange rate from 1s. 4d. to 2s. gold and the inevitable dissipation of India's balances by the sale of reverse councils. History, he was afraid, was on the point of repeating itself.

"One presumes," he wrote in a reference to Lord Keynes's article, "that since the article has been contributed to an economic journal of such high status, Lord Keynes, who is an economist of repute, has made his pronouncement as an economist. But so palpably invalid are his arguments that I wonder if he has not been influenced by other than economic considerations, and if the article does not reflect the extreme views held in certain quarters."

Keynes's primary point was that the financial settlement governing the allocation of India's military expenditure between the U.K. and India had had unfavourable repercussions on the latter's internal economy by aggravating inflation. This unduly tender concern, apart from arousing suspicion, displayed, in Sir Purshotamdas's reckoning, a sad lack of appreciation of the economic conditions prevailing in India, and he hastened to set Keynes right.

"In a loosely knit economic structure like the one in India," he argued, "the Government of India have learnt by now that it is not possible to enforce monetary and physical controls and anti-inflationary devices which can be adopted in countries like the U.K. And to expect India to meet all the war costs, both her own and those of the United Nations in India without inflation, is to ask from it a performance which is quite beyond its capacity despite the best endeavours of those on whom



this responsibility lies. The question of the allocation of military expenditure has nothing to do with inflation and is quite irrelevant to the issue."

Purshotamdas considered as both "fallacious and cynical" Lord Keynes's second but no less important point that if the financial settlement were revised it would not increase the real burden on the Indian people. In a devastating broadside Sir Purshotamdas had little difficulty in demolishing this bubble.

"That India lives on the margin of bare existence is common ground between us," he declared. "A large portion of the real burden of the war costs has fallen on the poorer sections of India's population, and it is only fair that their standard of living should not only be made good but should be raised. It is for this purpose that a development programme must command the first place on India's post-war plans and it will make a very great difference to the burden of the cost of such a programme whether it is financed from India's accumulated sterling balances or from fresh savings. To say that whether the U. K. or India pays makes no difference, renders all saving and foreign lending meaningless."

Sir Purshotamdas went on to observe that Lord Keynes's argument that India herself stood to gain by re-negotiation "sounds perilously like a veiled threat that the bigger the claim the less the chances of India's converting it from its blocked character into a multilaterally convertible asset."

Following Sir Purshotamdas's intervention, the *Economist* itself trained its guns on him charging him with avoiding some of the main issues involved in the controversy with Lord Keynes. "The *Economist*," retorted Sir Purshotamdas, "should at least have named the issues said to have been avoided by me instead of making a vague general assertion." Meanwhile other financial journals in London had brought in their reinforcements in support of Keynes and collectively argued that the entry of Japan into the war made it imperative that the agreement should be revised. To this Sir Purshotamdas countered, "The cost of the war against Japan is as much a concern of the United Nations as of India, and in allocating the financial burdens between the various countries of the

United Nations, the criteria should be economic capacity and the ability of each of the countries. Is it not true that India has been already bearing the burden to the utmost of her capacity?" The war had taken from India a tremendous sacrifice in real resources, he argued, and to burden her further in the post-war period was inequitable and unfair. The revision of the agreement would deny India all opportunity to recover her economic vitality dangerously sapped by the exigencies and demands of the war.

It had also been charged that the Allies' purchases in India had been made at inflated prices, and here again Sir Purshotamdas had an effective retort. He pointed out that India had been most willing during the war to accept payment for her foreign balances in terms of capital or consumable articles or treasure even though it might have been at as high a price level as the one at which Indian goods were purchased by His Majesty's Government. "That India was not allowed to cash her favourable balance of payments in this manner," he pointed out, "was not due to any desire expressed by her nor was it in her own interest but because the United Kingdom could not send her the goods she needed and could force India to accept payment in sterling because of her political and economic relationship with India. The question of the high prices paid by H. M. G. for Indian goods is, therefore, irrelevant and hardly valid."

Thanks largely to this vigorous exposition and defence Whitehall moved warily, and credit for the fact that the sterling balances remained intact and unimpaired and constitute one of the main props for our Five-Year Plans must go largely to Sir Purshotamdas. The closing of the war and even the coming of independence did not put an immediate end to this controversy. In June-July 1948 a delegation appointed by the Government of India initiated discussions on these outstanding problems with Whitehall. The delegation which was headed by the late Sir Shanmukham Chetty, the then Finance Minister, included besides Sir Purshotamdas Mr. V. K. Krishna Menon, then High Commissioner for India in the U. K., Sir Chintaman Deshmukh, then Governor of the Reserve Bank of India, Sir V. T. Krishnamachari, Mr. T. T. Krishna-

machari and Mr. Lalji Mehrotra, and was assisted by a strong team of official advisers.

Among the subjects discussed in the course of these negotiations was the price to be paid by the Government of India for the purchase of the U.K. Government's military stores and installations which were in India on April 1, 1947. Other problems concerned arrangements for a tapering annuity to meet the sterling pensionary and provident fund liabilities of the Government of India, a settlement of the amount to be released from the sterling balances for current use and the convertibility of a portion of this release into a multilaterally convertible currency.

Here as on other previous occasions Sir Purshotamdas's experience and knowledge of economic and financial matters proved a considerable asset. For the successful outcome of these negotiations both sides merited praise since both displayed a spirit of understanding and accommodation and the British Labour Government's team, headed by Sir Stafford Cripps, the then Chancellor of the Exchequer, assisted a satisfactory solution by their ready tact and co-operation.

It is interesting to note that the official British war history in its volume *Studies of Overseas Supply* by H. Duncan Hall and C. C. Waigley, acknowledges India's contribution to the war effort. "Even before Dunkirk," it writes, "the Indian ordnance factories, whose performance was noted in London as being exceptionally reliable and prompt, had supplied the United Kingdom with 124,000 shells for field and medium guns and 66 million rounds of small arms ammunition . . ." The total supplies of munitions from the Eastern Group in this period were not large, but coming as they did at a time when the British armies at home and in Egypt were facing desperate perils, with desperately inadequate resources, and when supplies from North America (except for emergency shipments of June, 1940) had hardly begun to appear, they were of immeasurable value. The report goes on to say that India "achieved at least as much as was expected of her at the outbreak of war" and acknowledging the economic impact which the war had on India writes: "For India, not very much less than for the conquered areas of Asia, the immediate impact

of war was economically disastrous, though the sterling balances offered hopes for the future. Thus, it seems clear, that the war effort of the Eastern Group involved a genuine sacrifice of economic opportunity as well as of men."

Not long after, Sir Purshotamdas was engaged on an equally exacting task on the domestic front. During the debate in the Constituent Assembly on the devaluation of the rupee Government had promised that steps would be taken to provide suitable official assistance for the extension of banking facilities in the rural areas and in November 1949 the Government of India, in pursuance of this undertaking, appointed a Rural Banking Enquiry Committee with Sir Purshotamdas as Chairman. Assisting him were Mr. C. H. Bhabha as Vice-Chairman, Mr. B. Venkatappiah and four officials and non-officials. Sir Purshotamdas's work on the Indian Banking Enquiry Committee had familiarised him with many of the problems his Committee was now called upon to tackle but the problem of extending banking facilities, of streamlining rural credit, mobilising rural savings and improving the treasury arrangements in the States called for a painstaking study and survey. Despite his advancing years Sir Purshotamdas devoted to this inquiry his usual meticulous care and attention.

The Committee's report contained a number of far-reaching suggestions which were to provide much fruitful data for a wider and more comprehensive probe undertaken later by the Rural Credit Survey headed by Mr. A. D. Gorwala. This survey recommended the conversion of the Imperial Bank into a State organisation and in this context it is significant to note what the Rural Banking Inquiry Committee headed by Sir Purshotamdas had to say. "The proposal for the formation of a new State-sponsored bank, which has to be examined in the light of the recommendation for the conduct of cash work in the provinces and States, is considered unnecessary," it declared. "The Imperial Bank is, to all intents and purposes, functioning as a State-sponsored bank, and the people can legitimately look forward to its being developed as a national institution. The multiplication of institutions performing similar functions and competing with one another with State-aid will not be desirable." Sir Purshotamdas's Committee was

of the opinion that the role of the Imperial Bank in the future banking and treasury set-up should primarily be that of an auxiliary to the Reserve Bank. The change in the political status of the country, it argued, should eliminate complaints against the Bank which arose from political causes, and it suggested several remedial measures to deal with such complaints. These views, however, were not to find favour with the Government and following the Avadi resolution of the Congress Party laying down a socialistic pattern of society for the country the conversion of the Imperial Bank into a State Bank was inevitable.

Economic stability was a prime imperative in an independent India but no less vital in Sir Purshotamdas's view was national unity. He had consistently fought against both the partition of India and the segmentation of divided India on purely linguistic considerations. In 1947, the Linguistic Provinces Commission was appointed by the Constituent Assembly for inquiry into and reporting on the creation of the proposed provinces of Andhra, Karnatak and Maharashtra. In Bombay the appointment of the Commission was followed by a meeting of leading citizens representing different sections of the population to place its views before this body. The Commission was presided over by Mr. Justice S. K. Dhar and was known popularly as the Dhar Commission.

It was inevitable that this should set in a chain reaction throughout the country and demands for other linguistic provinces soon snowballed into a formidable agitation which the Government of India, having started the landslide, could no longer resist. More particularly the formation of Andhra State set off an agitation which led to the appointment in December 1953 of the States Reorganisation Commission comprising Mr. Fazl Ali, Pandit H. N. Kunzru and Mr. K. M. Panikkar. As President of the Bombay Citizens' Committee Sir Purshotamdas took an active and leading part in launching a crusade for a realistic and sober approach to this complicated and delicate problem. He sensed that once the principle of linguistic States was conceded the agitation would mount to proportions which might threaten the country's political solidarity and national unity and he believed that unless people

were infused with the spirit of a national consciousness which rose above petty considerations of regional or sectarian claims it would not be possible to counter the forces of national disunity which in turn would threaten economic reconstruction. He lost no opportunity to warn the country and the Government against any precipitate step that would ultimately strike at the root of India's underlying unity already shaken and impaired by long years of foreign rule and by partition.

The Bombay Citizens' Committee cited a formidable array of reasons and facts against the constitution of linguistic States in general and more especially the inclusion of Bombay city in any particular linguistic State. By and large the S.R. C. report vindicated Sir Purshotamdas's stand for he basically supported the idea of a bilingual State but as he foresaw the hydra-headed demon of linguism was soon to rear its head and lead the Government into a morass of difficulties. Happily these differences and difficulties have been largely resolved.

## *The People's Food*

WAR involves not only arms but the man. In modern warfare the morale of the citizen at home is no less important than the valour and will of the soldier at the front, and in maintaining the former both economics and politics play a part. The second world war, causing as it did dislocations, delays and interruptions in global communications on the one hand and increasing demands for men, money and material from the belligerent countries on the other, placed a considerable strain on internal economies. India which apart from the normal stresses of war was to witness a great and devastating famine in Bengal was particularly hard hit.

From the beginning of hostilities Sir Purshotamdas was greatly concerned in maintaining adequate food reserves, and in shaping the country's war-time food policy his experience and knowledge were invaluable. Even before the war he had been associated with the working of food control and distribution in the State of Bombay and Bombay city, having served in various capacities on a number of food committees. As the war progressed, supplies and rations in the city of Bombay ran so short that the State Government was actually planning for a major evacuation of the city. The Governmental food machinery in Bombay was among the best in the country and was headed by two purposeful members of the Indian Civil Service, Sir Henry Knight and Mr. A. D. Gorwala, both of whom frequently consulted Sir Purshotamdas and laid great store by his advice. Here he was able to draw from his vast experience both of economic emergencies and of the capacity of the country (given the necessary stimulus and support) to rise to the occasion.

By 1943, despite the Herculean efforts of the State Government and its non-official advisers, the food outlook was

precarious. In a letter to Sir Stanley Reed, who was then in London, Sir Purshotamdas commented on this melancholy state of affairs. He pointed out that as early as February 1942, at a general meeting of the Federation of Indian Chambers of Commerce and Industry in Delhi, he had warned the Government that "a hungry man could be as dangerous as a ferocious tiger". Despite his warning and despite the good work of the Bombay State Government the central authorities had not taken his counsel seriously. The Government of India continued to carry on in its traditionally leisurely manner with the result that within eight months it was faced with a situation when there was not enough rice or wheat for various parts of the country including Bombay.

"Only yesterday," wrote Sir Purshotamdas, "the Post-Master General, Bombay, told me that he had not the 3,000 bags of rice which he wanted in Poona for his postmen there and the men have threatened to go on strike. Now this is a most ominous position. Conditions in the countryside are still more threatening. The only remedy is to bring in large quantities of wheat from Australia and dump them on the Indian market to restore the morale of the people."

Sir Purshotamdas went on to point out that it was anomalous that the Reserve Bank of India should have as much as 400 million worth of sterling in London and yet be unable to feed the country's starving population. The food situation, he felt, should take a high priority on the national front.

In March 1943 he returned to the theme at the annual session of the Federation of Indian Chambers of Commerce and Industry which was attended by an official of the Food Department, Major-General G. N. Wood. General Wood sought to absolve the Central Government from blame by insisting that the Government of India was responsible only for central purchases and not for distribution which was admittedly defective in the various provinces. General Wood also expressed his Department's determination not to disturb trade interests but Sir Purshotamdas was quick to seize on this and assured the official representative that the anxiety of the Federation of Indian Chambers of Commerce and Industry was not motivated by any concern for their commercial



interests but inspired only by a keen desire to see adequate food supplies in the country effectively distributed.

"I go one step further," said Sir Purshotamdas in his speech, "and say, if the Government today elect to employ trade channels, it is because the trade channels have rendered invaluable services and are absolutely unavoidable. There is no question of the Federation asking for trade channels to be employed and to be allowed to make a little money. Let there be no misunderstanding about it. This resolution has been put forward in the interests of the public at large, and if the Government can manage to cater for everybody and to open thousands and thousands of shops which will be required in various areas of India, the trade channels should stand out, as long as the Government can do it efficiently and in a manner which will give satisfaction to the people at large."

In the following year the Federation again reverted to the food problem and once again Sir Purshotamdas was among the principal speakers on this theme. He was particularly indignant at the incomplete and misleading answers given by the then Secretary of State for India, Mr. L. S. Amery, in the House of Commons.

"They would be amusing to repeat," he remarked, "but for the fact that they have been extraordinarily tragic in their effect on India, in that most valuable time was lost during which this tragedy has overtaken Bengal and other parts of the country and which could perhaps have been averted if only the authorities were more prompt. Efforts were made to draw a red herring across the trail in the name of hoarding. As to those who swallowed this pill, it proved their complete ignorance of conditions and practice in India. What is this hoarding that has been complained about?"

During the war years no issue caused him greater anxiety or attracted more his attention and energy than the virtual breakdown in the supply and distribution of foodgrains throughout the country. Although the entire Governmental machinery was geared to meet the situation on an emergency basis, distress was widespread. Sir Purshotamdas was in no position, both from the point of view of his advancing age and also because of his other commitments, to devote his entire

time and energy in organising relief as he had been able to in younger and less crowded days. Now he had to content himself with providing the initiative where required and advising the administration on what lines they should proceed. Although his views were not always palatable to the bureaucrats, it is to the lasting credit of all of them, British and Indian, that they were eager to associate Sir Purshotamdas with their campaign to overcome the country's food shortage.

In July 1943 the Governor-General-in-Council constituted a Foodgrains Policy Committee to examine "the past policy and present position in India in relation to the supply, distribution and price of foodgrains in the light of all relevant conditions including those imposed or liable to be imposed by the war, and to make recommendations both of policy and for administration, for securing, for the duration of the war, maximum supply, equitable distribution and proper control of prices in relation to foodgrains."

The Chairman of this Committee was an official of the Food Department, Mr. H. D. Vigor, and its other official members included Lt.-Gen. T. J. Hutton, Sir Theodore Gregory, Mr. J. V. Joshi and Mr. A. D. Gorwala. Prominent among the non-official members were Sir Purshotamdas Thakurdas and Mr. Fazal Ibrahim Rahimtoola. Mr. Vigor unfortunately was incapacitated by illness for the greater part of the committee's inquiry and Sir Theodore Gregory was later appointed Chairman with Mr. Gorwala as Vice-Chairman.

The committee, after a careful investigation, made various recommendations, not all of which were acceptable to Sir Purshotamdas who along with certain other members signed the report subject to their notes of dissent. By and large the committee was agreed that the various provinces were so interrelated in food matters that a give-and-take policy was administratively imperative. The Centre in any case could not accept a situation where it had responsibility but no powers, and co-operation as between the provinces themselves and the Centre could best be secured by clearly defined spheres of authority and methods of procedure. If after a full discussion differences of opinion persisted as between the Centre and the provinces, the decision of an expert Arbitration Committee

should be accepted as final by both the Centre and the provinces. A similar arbitrary procedure, it was suggested, should be adopted in the case of the States though the composition of the Tribunal here might be different and the provinces in turn should be prepared to accept the allocation proposed by the Centre, the undisputed management by the Centre of the central foodgrains reserve and any conditions laid down by that authority for rescue or other special assistance operations. In the last resort, disputes arising in respect of the details of administration were to be settled by the Centre.

In his minute of dissent Sir Purshotamdas stated that ordinarily he would never have felt justified in signing the report due to his absence from all the meetings of the committee save five. But the problem as it had developed since the appointment of the committee was of such serious import that he felt it his duty to place his views before the Government. The urgent need, he emphasised, was to make the four basic foodgrains recognised as cereals available to the country at large without embarking on any elaborate scheme for distribution since the country had neither the statistics nor the administrative machinery to permit of any scientifically devised plan.

"There is a tendency," he wrote, "to fasten the blame for the existing situation on a class of people called the 'hoarders' and make a scapegoat of them. Whether there are sufficient foodgrains in the country as a whole or not is a matter of pure guess-work. The one clear and undisputed fact facing us at present is the enormous rise of food prices and the scarcity of foodstuffs even at such prices."

Sir Purshotamdas felt that the most practicable suggestion in the circumstances was to import wheat from abroad and to put it on the market in sufficient quantity to bring down the rising spiral of prices. He elaborated on this panacea giving his reasons for doing so. "Until reliable data regarding the costs of production are collected and verified by each Provincial Government," he stressed, "and a committee of economists at the Centre advises the Central Government as to the addition which must be put on to such cost for the

extra out-of-pockets to the grower to get his other requirements, there is bound to be a tug-of-war between the Centre and the various units. Under such a contingency, the best course is, pending the collection of the figures indicated above, to import wheat from abroad and to put it on the market here in such sufficient quantity as to bring down the prices of foodgrains to such a level as might fit in with the policy of the Central Government regarding the control of prices. This strikes me as the only and undoubtedly most effective method under the circumstances of handling the situation.

"At the present stage, the food question resolves itself into two broad divisions—procurement and distribution. Regarding distribution, I have dealt with the most important branch of it, and it strikes me that much of the trouble and confusion till now could have been avoided if it was clearly realised, and acted on, that while procurement on an adequate scale could, to a large extent, be a solution of the problem of distribution, the best system of distribution could by itself be no solution of the problem of supplies. Without minimising the importance of distribution, I am convinced that the procurement of adequate stocks is very much more important than the rectification of any defects in distribution or distributive machinery. The success of rationing in Britain is no index of its suitability here. It is clear that in Britain the spadework for a system of rationing had been completed and the administrative machinery perfected months before the outbreak of the present war. The U.K. Government had accumulated stocks of foodstuffs and has been paying huge subsidies to the Food Department. All these desiderata are admittedly absent in India. My colleagues are able to recommend rationing only in respect of urban areas with a population of a lakh or more which means that over 90 per cent. of the people are excluded from what purports to be a scheme of fair, equitable and effective distribution. There is a serious danger that in a country which has been economically living on the border lines of subsistence, rationing calculations may not only go astray but may actually have the effect of rendering the rural areas destitute and utterly helpless and of driving the rural population to the towns as has been recently

happening in Calcutta."

On the Grow More Food campaign Sir Purshotamdas refrained from making any observation save to point out that the committee's recommendations were really long-term suggestions. However urgent and desirable in themselves they would neither affect the "existing crisis" nor yield any immediate result. Without reflecting on the personnel charged with the administration of the Food Department, he emphasised the need for such personnel being Indian, inspired as they would be by a spirit of real service to their countrymen. He also felt that they should preferably be men with experience of provincial and State administration. The tendency to procure and distribute foodgrains on the basis of ordinances, notifications and decrees should, he felt, be discouraged not merely because this method had proved ineffective but because it did not constitute a proper approach to a gravely serious problem.

Privately he explained his views with more frankness and freedom to a close friend, Mr. Haridas Madhavdas. Writing from Calcutta to him on September 27, 1943, Sir Purshotamdas observed: "As you agree with me fully in my minute, I am reinforced in my conviction. From what I have seen here, I cannot help feeling that the Government of India have got into a hopeless tangle and I do not expect them to take the right course under the present conditions. It is a long story, full of news, which I would not have believed if I were not on the spot in Delhi and here. I want, however, to impress on you the necessity of the Chamber in particular and the public generally keeping up their agitation for a sound policy regarding food stock and distribution. It is no use putting out opinions with a defeatist mentality.

"I am unable to judge how much there is of politics in the mess and how much of sheer stupidity and negligence. However, I gave the first fortnight of my hard-earned rest here to my minute, and I am very anxious that the lines suggested there should be firmly and persistently pressed by the Indian public, giving the Government of India no rest until they do the right thing, and if the right thing is not done soon we will be in a worse position than people can imagine.

"I sounded the first note of warning at a meeting of the Federation in February 1942. Thereafter, at very great personal inconvenience, I agreed to get on the Food Panel of Bombay, giving to it two to three hours a week regularly until I left Bombay for Simla. I went to the Foodgrains Policy Committee meeting at Delhi for three days on my way to Simla to find out how the wind was blowing. After coming up here and after very serious consideration, I made up my mind to write a supplementary minute which took me ten days. The first paragraph of my minute makes it abundantly clear that I would not have written that minute, in spite of absence at most meetings of the committee, but for the reason that I thought the stake of the country in a correct foodgrain policy being adopted was unprecedented. I have put out my minute in broad outlines without worrying about details. If the broad outlines are correctly adopted, details can be developed at a later stage.

"The conditions in Bengal should serve as a warning to us all. No amount of cash contributions made by people who can afford will help the situation. What will help us is self-help in aggressively driving the Government to the right course.

"Can I say more to impress on you the necessity of not making light of the development in the food situation? Finally, one word more without trying to make the picture more pessimistic than it is. Should military operations begin on the Eastern frontier towards Bengal, what are the chances of movement of foodgrains simultaneously with the military requirements—and the railway machine of India is being done almost to death. It may come to a halt without giving any notice and we must, therefore, be doubly anxious. Failure of transport will intensify the food situation more than people can appreciate today.

"I am relying upon Providence to excuse me for this liberty with my constitution, but I cannot stand the thought of what is happening in Calcutta spreading to other parts of India. It is not death alone which one must apprehend. It is the emaciation of the masses which really matters. Are you aware that in Calcutta, employers in heavy industries complained

that the labourers have not the strength or the vitality to do the work which they used to do till now?

"What else is this due to but semi-starvation? And, at times, death is a better release than slow emaciation by semi-starvation. Hence my insistence at the Foodgrains Policy Committee meeting at Delhi that one pound of foodgrain per head must be the minimum on which to start rationing. If you see Fazal, he may tell you something about my fight at Delhi over this for over two hours. Luckily, the committee sided with me in spite of Gregory's great reluctance."

Food was to linger as a serious problem for many critical years, and in this period Sir Purshotamdas took a leading part in highlighting and bringing to official notice many specific and general complaints in the supply of foodgrains, sugar, gur and other commodities. In March 1944 Surat had an abundance of gur but control over the movement of the product prevented it from exporting the commodity to neighbouring districts which were its traditional markets. The Sugar Controller had undertaken to supply Gujerat's requirements from the United Provinces. The matter was represented to Sir Purshotamdas who immediately took the issue up with the Sugar Controller for India and the paradoxical situation was ended.

During 1944 when the ravages caused by the Bengal famine had still to subside and when the Famine Commission was actually recording evidence, several attempts were made to undermine Bombay's high record in the management of foodgrains. In attempting to exonerate the Bengal Government the Chairman of the Commission appeared to be of the view that the Bombay Government had not done anything which called for undue praise. He argued that as Bombay had not enough stocks of foodgrains it adopted rationing. Hence the Provincial Government deserved no credit.

This matter was brought to Sir Purshotamdas's attention and he immediately took up the challenge. Pointing out that with its chronic deficit in foodgrains Bombay's plight could have been much worse than Bengal's, he eulogised the work of the Province's honest and efficient officials who being forewarned on the gravity of the situation took immediate steps to be forearmed. "Nature helps those who help themselves,"

commented Sir Purshotamdas.

There was no more ardent advocate for Bombay's case on the food front than Sir Purshotamdas who waged a relentless battle against the periodical threats of New Delhi's bureaucrats to prune the already meagre rations of Bombay's industrial population. But for his vigorous advocacy on the Food Panel and Council, Bombay's position might have been different. In 1944, the Department of Food threatened a reduction in Bombay's quota but following Sir Purshotamdas's intervention this unpopular move was abandoned.

In September 1947 the Government of India appointed a fifteen-member committee with Sir Purshotamdas as Chairman to examine the prevailing position in regard to foodgrains in India as also the outlook for the next five years. The committee was required to undertake its task keeping in mind production, procurement, imports, distribution and controls. In an interim report submitted to the Government in December 1947 the committee recommended that the Central and Provincial Governments should reduce their direct commitments in respect of food supply with a view to facilitating the gradual abolition of food control and rationing as early as possible. The Government, however, chose not to follow this counsel and there are many who believe that had Sir Purshotamdas's advice in favour of relaxing controls been taken at that time, India's present happy position in respect of foodgrains would have materialised earlier.

The committee's final report was signed on April 30, 1948 and it is interesting to see how many of the far-reaching proposals it made were to influence the country's food policy during the next five years. It proposed, for instance, that consistent with the recommendations made by the committee on food policy and the food production programme, the country's dependence on imports should be ended as early as possible. At the same time it recognised that imports of foodgrains from overseas would be necessary over the next five years for current consumption and for the maintenance of a central reserve. The actual quantity of imports required from year to year, it stressed, would depend on the progress of the production programme and crop conditions. The com-



mittee suggested that steps should be taken to terminate imports after a period of not more than five years and that a minimum reserve of a million tons of wheat and rice should be maintained in the five-year period of the first food production plan. Five members of the committee attached notes of dissent.

Although it is debatable whether India's recent recovery on the food front stems from a planned programme or a succession of good monsoons or a combination of both, the fact remains that the happy position of non-dependence on imports after a period of five years (which the Food Policy Committee visualised in 1948) materialised almost to the exact date.

## *Birth of an Institution*

COTTON forms the core of Sir Purshotamdas's business career and here his impress is clear and considerable. Indeed his ascendancy over the cotton trade was unchallenged for many memorable years during which he helped to place it on a durable and indigenous foundation. There is probably no parallel in India for an institution of the magnitude of the East India Cotton Association with whose foundation, history and progress the career of Sir Purshotamdas is inextricably intertwined. For well over three and a half decades he reigned over this organisation firmly and with foresight. With cotton is bound up the prosperity of the Indian farmer and trader as also a vast monetary stake.

To understand and appreciate the magnitude of his contributions to the cotton trade it is necessary to know something of its evolution in Bombay and throughout the country. As far back as 1787 the East India Company sent to India a certain Dr. Hove to study the indigenous cotton trade and cotton plants. Hove reached Bombay in July of that year, and his accounts of his journeyings through the cotton districts are alive with interesting detail. Irrigation in the cotton tracts came mainly from tanks, wells and rivers but even at that time there was a considerable export of cotton, both raw and manufactured, to other parts of India and abroad, more particularly to Britain, France, Holland and the Far East. In those days the finest cotton fetched Rs. 60 per candy or  $1\frac{1}{4}$  annas per lb. Statistics are not available for an estimate to be made of the total cotton production in India but in 1802 it was stated that the average import of cotton to Bengal was about 43 million lb. The entire amount was worked out on handlooms. At that time only a small proportion of the cotton exported from India was produced in the East India Company's posses-

sions, the major quota coming from territories outside the Company's control.

In the early days of trading the Bombay cotton market or "Green" stood in front of the present Town Hall and from that site, with trade increasing in volume and also because of the congestion of traffic and a desire to reduce transport charges, it was moved in 1844 to Colaba which in those days had facilities for landing cotton brought by country craft and for loading vessels in the harbour. Here the trade was domiciled for over three-quarters of a century when again a change of site seemed necessary. In 1923 when the Bombay Port Trust made warehousing accommodation available the trade, in deference to Government's wishes, moved from Colaba to a temporary structure at Sewri which was nearer the mills and docks.

Trading took place in two separate sessions at two different places, the afternoon session taking place at Colaba subject initially to the rules of the Bombay Cotton Trade Association. This body was replaced by the Cotton Contracts Committee and later by the Cotton Contracts Board, and in June 1922 it came under the authority of the East India Cotton Association. When the move to Sewri was made in November 1923 the afternoon sessions took place there until they were interrupted by the communal riots of February 1929. Thereafter dealings in spot cotton were restricted to an earlier hour from 11 a.m. to 2 p.m. and this precipitated a tug-of-war between those dealing only in ready cotton and those interested in both ready and forward cotton. The mid-day session had traditionally taken place at Marwari Bazaar and up to 1934 it was held in an ill-ventilated and dingy room at Sheikh Memon Street under the regime of the Bombay Cotton Brokers' Association. Later as a result of the recommendation of the Wiles Committee, the futures trading ring in the Bazaar was taken over by the East India Cotton Association and the ring is now accommodated in a magnificent building—Bombay's tallest structure—erected by the Association on the old site at the corner of Sheikh Memon Street and Kalbadevi Road.

Distribution of raw cotton from Bombay dates back to over

a hundred and fifteen years. In those days it was conducted on a haphazard basis with little or no organisation and no institution to control it. Sir Purshotamdas likes to recall that the first documentary evidence of control is an agreement made nearly a hundred years ago by the then leading merchants dealing in spot cotton. They voluntarily imposed a cess on cotton for the purpose of avoiding beggars and mendicants who were accustomed to assemble at a weighing scale to ask for a handful of cotton. This cess amounted to  $1\frac{1}{4}$  annas per candy and was loyally paid for more than half a century. As a result the Bombay Cotton Dealers' Association today owns Government securities of the face value of Rs. 5 lakhs which is administered for charitable purposes in accordance with a resolution passed by that body.

The first organised association was started in 1875 by the European firms in Bombay which were engaged in the cotton trade. This was styled the Bombay Cotton Trade Association Limited and was a peculiar organisation comprising nearly fifty shareholders of whom only two were Indians and all the rest Europeans—not necessarily Britishers. The Europeans included Germans, Italians, Swiss and even Russians, the two Indian shareholders being Vassanji Tricamji and Madhavdas L. Pasta.

"How they happened to hold their two shares, they would never tell me," Sir Purshotamdas recalls.

The face value of these shares was Rs. 1,000 each but the market value was around Rs. 10,000 and the dividend payable was said to be anything from Rs. 400 to Rs. 500 a year. Firms outside this closed ring were associate members and Sir Purshotamdas's firm, Narandas Rajaram & Co., was one of them. The European muccadams and brokers were shareholders and enjoyed the rights of shareholders, doing surveys, appeals and serving on the board. Associate members had only the right to get their arbitrations and surveys done.

Sir Purshotamdas had always been intrigued by this method of commercial discrimination. He noticed that European brokers who were soliciting orders to sell or buy had to be approached at Cotton Green to do surveys and arbitrations from which they made an income ranging from Rs. 500 to

Rs. 2,000 a month. He also noticed that their manner towards Indians who went for surveys and arbitrations was condescending, and he noted that in disputes between an Indian firm and a European firm the scales were heavily weighted against the indigenous trader.

"I began to smart under this," Sir Purshotamdas confesses, "and after my second year made my opinions known widely and loud."

Sir Purshotamdas observed that while he could understand representatives of firms like Rallis, Volkarts and Gaddums sitting on surveys and appeals since they also had upcountry markets and took the same risk as the Indian associate members did, the vast majority of European brokers and muccadams in Bombay took no such risks. He conducted his campaign vigorously and soon there was murmuring against the old constitution and procedures. He was warned that if he persisted his firm would suffer in arbitration but with his usual doggedness he persisted.

Opposition to this monopoly had begun to express itself as far back as 1892 when Sir Purshotamdas was still at school. The Indian leaders in the cotton trade, including Jamshedji Tata, Sir Dinshaw Petit and Curson Dass Vallabhdas, started their own cotton controlling body known as the Bombay Cotton Exchange which operated on parallel lines to the British monopoly organisation. Not long after, in 1899, there was widespread failure of the monsoon in India and the Exchange ran into difficulties. A large amount of business in good machine-ginned Bhavnagar was outstanding and there was practically no crop of Bhavnagar cotton. Mr. Narandas Purshotamdas, who was Chairman of the Exchange that year, while fixing the rate on May 25, virtually conceded that since there was no crop of Bhavnagar cotton available the rate fixed by the Board of the Exchange for that day was the average of the rates of Bhavnagar cotton fixed for May 25 in the previous three years. When this became known Tatas repudiated any liability for differences on their sales of Bhavnagar. Gaddums, however, paid their full liability. This incident constituted a severe blow to trading according to the rules of the Exchange. Legally Tatas' stand was justified, their plea being that as

there was no cotton grown that year the contract was speculative. The difficulty, however, was that Tatas sold in the name of their Marwari brokers and not in their own name but their action hampered the progress of the indigenous organisation. A few years later Tatas paid their liability on the Bhavnagar contract after realising the setback they had given to the Cotton Exchange. By then, however, the damage was done.

Around 1905 Sir Purshotamdas was associated with a minor incident which had some interesting repercussions. It happened that a certain Vardhman Jetsey, who was a prominent muccadam, had weighed over some cotton to Gaddums and sent his clerk on a Saturday to receive payment. As banks closed early on that day the clerk insisted that he should be given a cheque without delay. Thereupon an assistant in Gaddums' office was alleged to have hit the clerk with a ruler. The incident provoked considerable excitement on Cotton Green and the Indian section getting together resolved to boycott Gaddums.

Sir Purshotamdas presided over the meeting of the cotton merchants who reached this decision. It was resolved that until Gaddums apologised to the cotton trade for their assistant's behaviour the boycott would continue. And so it did for about five months, Gaddums suffering to some extent.

Eventually, on the intervention of certain intermediaries on behalf of Gaddums, it was arranged that the assistant involved in the incident should call on Sir Purshotamdas at his office and tender his explanation. It was decided that if Sir Purshotamdas found the explanation satisfactory the boycott would be lifted.

The assistant, on coming to the office, explained that he had not hit the clerk but only lifted the ruler and pointed it at him. On his assurance that he never meant to strike a representative of any cotton firm Sir Purshotamdas ordered the lifting of the boycott.

As a result of this incident and its sequel a stronger sense of unity grew among the Indian section of the trade. Sir Purshotamdas's standing with the Indian and European sections was high and the latter, fearing that he might consoli-

date this new-found unity still further, sent their representative to Sir Purshotamdas with an offer. The British monopoly organisation, it was suggested, was willing to allot a few shares to Sir Purshotamdas and to a Japanese firm. Sir Purshotamdas refused to nibble at the bait.

"The right thing," he insisted, "is that you should make Indians eligible to full membership of your organisation."

Thereupon another compromise was arrived at by the Indian section with the Bombay Cotton Trade Association whereby at least two shares would be allotted to Indians and one to a Japanese firm. These allotments were made to the representative of Mitsubishi Kaisha and to Sir Purshotamdas on behalf of Narandas Rajaram & Co., and to a certain Pestonji Masani of Mitchell & Co.

This happened in 1907 and as soon as the firm of Narandas Rajaram & Co. became a full member and Sir Purshotamdas was allotted a share he was overwhelmed with surveys and arbitrations by the Indian section. Until 1920 when he stopped doing surveys and arbitrations he commanded the majority of these transactions in the B. C. T. A. His scrupulous rectitude soon won him not only respect but profitable business. In time the European firms began to appoint him as their arbitrator.

"In fact," Sir Purshotamdas remarks, "I used to get, something like a retainer, business from various firms who would send me word that they had so many surveys or arbitrations and would I reserve myself?"

Sir Purshotamdas was concerned in many arbitration matters one of the most important concerning an Indian firm, Chapsey Bhara & Co. Here he advised the principal partner to contest the buyer's right to cancel a contract and recommended the firm to take up the matter legally. In the original suit and appeal in the Bombay High Court the award went against Chapsey Bhara. With characteristic doggedness Sir Purshotamdas then advised the firm to appeal to the Privy Council on the basis of his own award as one of the arbitrators. At that time the Chief Justice of the Bombay High Court was Sir Norman McLeod. He had heard the appeal and dismissed it. Meeting Sir Purshotamdas one day at the Orient Club he

remarked to him that in his opinion Sir Purshotamdas's suggestion to Chapsey Bhara to appeal to the Privy Council was unfortunate.

"On the contrary," countered Sir Purshotamdas, "I think that your judgement overlooked equity which is the main basis of cotton trade dealings."

Sir Norman, however, took leave to disagree. A few months later Sir Purshotamdas encountered the judge again at the Orient Club. Sir Norman came up to Sir Purshotamdas and volunteered the information that he had heard that the Privy Council had upheld Chapsey Bhara's appeal.

"I must admit," said the judge, "that equity is the main basis of cotton transactions in Bombay and I congratulate you on your advice to Chapsey Bhara. I shall now have to think twice before upsetting any of your awards on legal grounds."

Within the Bombay Cotton Trade Association Sir Purshotamdas found his work both interesting and absorbing. Barring occasional differences of opinion with the Board his tenure was happy. He was on the Board until it gave way to the East India Cotton Association, served on the Appeal Committee and towards the end was appointed Vice-Chairman of the Board. His colleagues, although they did not agree with him at times, were impressed by his impartiality and his determination to fight for what he believed was right.

Throughout this time Sir Purshotamdas was actively engaged in consolidating the Indian sector of the cotton trade and in eradicating any odium that might attach to it. In 1920, following the Indian Cotton Committee's Report (known more popularly as the McKenna Report), the Government of India addressing the Bombay Government invited the Cotton Contracts Board to proceed with the formation of the East India Cotton Association. Certain conditions were laid down by the Government and on their fulfilment it agreed to grant a charter to such an Association with the requisite powers of control.

Accordingly a scheme was prepared by a committee of the Board on the lines suggested by the Government but strong opposition was offered to this project, particularly by the



brokers, and the plan did not fructify. There was also a certain amount of opposition to the control of the cotton trade by the Board and as a protest trading was closed from September to November 1920. After considerable discussion and consultation it was finally agreed to release the Board's control over the trade in respect of contracts for the crop of 1921-1922.

Not until the latter year was a rapprochement effected between the East India Cotton Association and the Millowners' Association. This was done primarily through the mediation of Mr. Gilbert (later Sir Gilbert) Wiles who was then Chairman of the Cotton Contracts Board. When the Board ceased to function in June 1922 the constitution of the East India Cotton Association was revised and the stage was set for the working of a comprehensive organisation with a national outlook on cotton. The Association was set up by the trade itself, and save for a brief period of two years until he resigned in 1956 Sir Purshotamdas was its President.

The sixteen years between 1932 and 1948 constituted an eventful period when the cotton trade was regulated by the Government through a new legislative measure, the Bombay Cotton Contracts Act IV of 1932. Both in the Bazaar and at Sewri the Association took control of all forward trading, framing the necessary bye-laws in 1934. During this period a number of changes were introduced by Sir Purshotamdas who found an able lieutenant in his deputy, the late Seth Haridas Madhavdas, who was Vice-President of the Association for nineteen years.

Together the two men devised measures to place the trade on a sound and stable footing. As a first step the constitution of the Association was liberalised by abolishing the Representative Committee of 90 members who alone enjoyed the right to attend and vote at general meetings. The special representation given to Europeans on the Board under the previous constitution was also withdrawn and for the first time representation was accorded to cotton growers on the Board. The Association also undertook the responsibility for the administration of labour and regularised their conditions of employment at the cotton depot. It initiated various improvements in the system of surveys, introduced weekly settlement

clearings instead of the old fortnightly, introduced one single-hedge contract (Indian cotton contract) and absorbed the members of the Shri Mahajan Association into the fold of the East India Cotton Association thereby completing the unification of the trade in Bombay.

With the enactment of the Bombay Forward Contracts Control Act, 1947, and its applicability to the cotton trade from April 1, 1948, another stage in the evolution of the cotton trade was reached. This Act recognised the East India Cotton Association as the only body for the regulation of the cotton trade in the State of Bombay instead of in the city of Bombay where its jurisdiction had so far been restricted. More recently, with the appointment of the Forward Markets Commission, the number of organisations dealing in cotton has been widened.

From the beginning of his stewardship over three decades ago, Sir Purshotamdas aimed at building up the trade into one of the best organised and disciplined commodity markets in the country. He was anxious above all to demonstrate that given an opportunity the Indian cotton trade could deliver the goods and although cotton passed through many vicissitudes and crises over the years, Sir Purshotamdas's efforts were very largely successful. Prolonged controls have, however, eaten into the vitals of the trade and affected its resilience but today Bombay's cotton markets constitute by far the most efficient organised units among commodity markets in India.

During his Presidentship Sir Purshotamdas was confronted with many delicate, often piquant, situations which called for both tact and firmness. There were, for instance, many cases of unhealthy speculation and of cornering indulged in by individual members. These instances are recorded in a brochure entitled *The Evolution of the Cotton Trade of Bombay* which Sir Purshotamdas wrote and wherein he enumerated the various critical situations that confronted the cotton market in his time.

In 1912 Messrs. Balchand Ugarchand applied *teji* for two lakh bales of Broach cotton at a premium of Rs. 4 on Rs. 316 per candy a month before the due date. This, however, was followed by a steady decline in prices and as a result the firm

stood to lose a heavy amount — its premium money. To prune its losses it then resorted to the expedient of cornering stocks in the ready and forward markets in order to rig up prices. After the due date the firm sold most of its cotton which it had bought in the ready and forward markets. Although it sustained some losses, on balance it registered a substantial gain.

In March 1921 the failure of a bull operator to carry out his obligations caused a minor crisis and necessitated the fixing of minimum prices by the Cotton Contracts Board. About this time there were several attempts to manipulate the market, the most important being a bid by Messrs. Oomar Sobani and others to corner oomras for the December-January delivery.

These operators had been blessed with success in a similar attempt on a previous occasion but the facility with which the sellers were able to bring cotton from Berar and the Central Provinces into Bombay proved their undoing and they were compelled to unload. This transaction largely contributed to the sharp break in rates between December 1921 and February 1922.

In 1922-23 there was an unsuccessful bid to corner the September oomra contract by Messrs. Sangidas Jesiram who, being unable to meet their liabilities, were declared defaulters along with about a dozen others. This severely shook the credit of the market which as a result of such speculation had to find about Rs. 80 lakhs in order to pay for the undue inflation of the oomra contract.

In the following year there was no attempt to corner any local position but the market again suffered a severe crisis which threatened to affect a large proportion of the brokers and to precipitate a financial catastrophe. In November 1923 New York cotton rose over 6 cents and this caught the local market as also the exporters "long", and commission houses, option dealers and bazaar operators "short". Many failures were threatened as the market rose rapidly and settlement was several times postponed in order to help the Bazaar to adjust and settle the differences.

In 1929-30 a heavy global fall in commodity prices led to a sharp slump in cotton prices causing a flutter among holders

of spot cotton in Bombay. The situation was aggravated by the disturbed political situation. Subsequently the Board of the Association endorsed the demand of the members to fix minimum trading rates. The American market, however, fell again and it was virtually impossible to maintain the rates thus fixed. Eventually the difficulties were ironed out.

More recent years have seen a number of attempts by speculators to manipulate rates but the cotton trade has survived these periodical raids thanks mainly to the tact and firmness of the Association's President. Temperamentally Sir Purshotamdas could never bring himself to compromise with anything dishonest or underhand, and where punishment was due he was never hesitant in meting it out. At the same time he often went to the rescue of those who, through no fault of their own, were caught napping. At one time or another many well-known figures in Bombay's industrial world have owed much to Sir Purshotamdas's helping hand. A well-known cotton operator was once caught on the wrong foot and came near the verge of a financial collapse. He sought Sir Purshotamdas's advice and the President, convinced that the unfortunate man's plight deserved sympathy, immediately gave him a large loan. The operator could not pay his debt and instead gave to Sir Purshotamdas a valuable carpet studded with numerous precious stones which now decorates his drawing room. On another occasion Sir Purshotamdas went to the rescue of the head of a city cotton firm and salvaged the situation for them by giving a bank reference.

On the technical plane Sir Purshotamdas introduced a number of reforms which have made Kalbadevi and Sewri two of India's most organised and mechanised markets. Until 1918, when the Cotton Contracts Committee came into being, differences on forward business were paid only once a year at the expiry of the delivery period of each contract. This added considerably to the risk of operators in the market as lakhs of rupees might be due by a bull or a bear in the forward market. There were apprehensions of trading beyond means and capacity. Sir Purshotamdas realised that a clearing house on an organised basis was necessary and this body was set up in 1918. Since its inception the clearing house has worked

smoothly and has enabled persons of modest means to trade more freely, consistent with their cash resources. Sir Purshotamdas's stewardship also witnessed major reforms in hedge and delivery contracts.

In May 1935 the Board of the East India Cotton Association recommended to the Bombay Government that they should be vested with the unitary control of forward trading in cotton in Bombay. Without this power, it argued, it could neither control effectively the cotton market nor introduce amendments which were overdue. The proposal made no headway for two years. When in September 1937 the Congress Ministry assumed office, the Government turned its attention to introducing effective regulation of forward trading in cotton. Various conferences were held between the Minister in charge and representatives of the East India Cotton Association as also of the Shri Mahajan Association. It was decided to work for a fair compromise between the views of these two bodies and proposals were also put forward to bring the smaller trader within the orbit of organised business in cotton. Thereupon the Board of the E. I. C. A. authorised its President, Sir Purshotamdas, to carry on negotiations with the Mahajan Association but unfortunately the talks failed since no agreement could be reached on certain important issues. The problem persisted for many years and not until the second Congress Ministry came into power after independence was the object of unitary control attained by the amalgamation of the Mahajan Association with the larger body.

## *The Laurels Come*

**D**URING 1925, amid the tumult and shouting which engulfed the currency controversy, the report was rife that Sir Purshotamdas had been offered the Commerce Membership in the Viceroy's Executive Council. In a sense this was a compliment to the high status he enjoyed in the business world due mainly to his prodigious work for the cotton trade in general and for the East India Cotton Association in particular. There was, however, an underlying stigma in the report for in some quarters it was tied up with Sir Purshotamdas's unexpected but none the less forceful opposition to a Bill introduced by Mr. Vithalbhai Patel in the Central Assembly for the repeal of racial distinctions in South Africa. While Sir Purshotamdas fervently supported the principle underlying the Bill he was opposed to certain details and in his characteristic fashion he expressed his views forthrightly. Extreme nationalist circles, inclined at that time to be unduly prickly, sought a motivation in Sir Purshotamdas's opposition. In fact there was none but only a conviction based on his own knowledge of matters affecting Indians overseas.

The report that his appointment to the Viceroy's Executive Council was imminent first appeared in *The Bombay Chronicle* and was contained in a despatch from its New Delhi correspondent. Accepting the veracity of this report the *Chronicle* proceeded to comment on it editorially and suggested that there was a link between Sir Purshotamdas's attitude to the South African Bill and his rumoured appointment as Commerce Member.

"The amazing speech delivered by Sir Purshotamdas during the debate on Mr. Patel's Bill for the repeal of racial distinctions," noted the *Chronicle*, "has astonished his countrymen, not a few of whom have found an explanation in the rumours

about the offer having been made to him of the post of Commerce Member of the Viceroy's Executive Council. Rumour has been persistent not only that the offer has been made, but that Sir Purshotamdas is likely to accept it. As a Commerce Member of the Cabinet of a self-governing India Sir Purshotamdas would be the right man in the right place. But the issue today is not the concession of a few posts to Indians, but the radical reform of the entire system of governance. The issue was clearly defined by the resolution passed by the Legislative Assembly last year demanding the summoning of a Round Table Conference. Sir Purshotamdas was a party to that resolution. For him, therefore, to accept a post in a Government which has treated with contempt the national demand as voiced by the Assembly would be regarded by his countrymen as an unpardonable betrayal of their cause. The fate which overtook Sir Dadiba Dalal should be sufficient to dispel any illusion that he will, by sheer ability, succeed in doing some real service to his country as a member of the Viceroy's Council."

The "news" took the country by surprise, and Sir Purshotamdas was the recipient of scores of telegrams and innumerable letters anxiously inquiring whether the rumour was true. Among others Mr. Haridas Madhavdas, Vice-President of the East India Cotton Association, wired on behalf of that body to the Association's President in Delhi: "Chronicle reports on 19th rumoured your accepting Commerce portfolio stop hope not correct stop wire reply."

To these nervous, even alarmist inquiries Sir Purshotamdas replied assuring Mr. Madhavdas that there was no truth in the rumour and promised him that so long as the cotton trade held him (Sir Purshotamdas) in regard and esteem he would do nothing to sever his connections with that trade. He would certainly not act on such important issues without consulting it in advance. Sir Purshotamdas went on to say that he had received inquiries of a similar nature from other friends and associates and asked Mr. Madhavdas to assure the trade that there was no truth in the report.

Meanwhile rumours had snowballed into a thunder cloud of considerable dimensions. The highly respected *Indian Social*

*Reformer* commented on the subject while *The Hindustan Times* of Delhi, then edited by Sardar K. M. Panikkar, carried a report of the alleged offer. Mr. Panikkar, even without Sir Purshotamdas's intervention, was quick to apologise for his paper's lapse. "I most sincerely apologise," he wrote, "for a stop press telegram that appeared in my paper about you. It was due to my absence from the office yesterday, because of the Assembly proceedings. I am putting in an apology editorially. I need not assure you that had I been present I would not have permitted such a thing."

Sir Purshotamdas's reply is interesting not only for its forthrightness but for the frankness and courage with which he was often prepared to criticise what he believed to be wrong in his countrymen's attitude. "If ever there was an instance of what Mahatma Gandhi called the 'slave mentality' of Indians," he wrote, "it appears to me to be most readily perceivable in the anxiety of Indians to doubt the *bona fides* of Indians at the slightest difference of opinion on any question. Frightfulness of such a category cannot go to make for a healthy public life and I have unfortunately had to get accustomed to attacks of this nature in the past. Personally I felt very much amused at the rumour. But to connect it with a speech delivered in *bona fide* conviction appears to bespeak a wonderful imagination, of which I think India may well be blessed with as little as possible. You assure me of your high esteem. I greatly appreciate this. Let me in return assure you that there is no truth in the rumour, and further of my absolute unwillingness to accept any post in the Government ranks in the present peculiar and humiliating conditions and circumstances."

His strongest rebuke was naturally reserved for the Editor of the *Bombay Chronicle* which meanwhile had published a long contradiction of the initial report which had caused all the mischief. Among other things Sir Purshotamdas wrote: "To those of my countrymen who choose to establish a connection between my speech on Mr. Patel's Bill and your correspondent's original rumour—a coincidence which is significant in its originality of conception—all that I will say is that it is useless to try to reason with people who hasten



to attribute motives to anyone who happens to have the courage of his convictions and expresses himself frankly on a subject. I still see nothing in my speech on Mr. Patel's Bill which I would change. With the deference which may be due to such dissenting countrymen of mine, may I say that I would still make a similar speech under corresponding circumstances? If people must expose their own ideas of honesty by doubting others' honesty of purpose at the slightest difference of opinion, one can only remark that even the approval of such people would not be worth having."

In perspective this might seem much ado about nothing but it highlights the strong independence of Sir Purshotamdas's outlook and his readiness to hit back quickly and hit hard. It also proved to the public and to the politicians, at the time perhaps not unnaturally hypersensitive, that Sir Purshotamdas was not a man of straw who would nibble at the baits offered by the Government.

Although politics absorbed some of his time and attention, most of his activities were concerned with the cotton world where as the head of the East India Cotton Association he continued in those difficult days to face various delicate problems. Personally he had never yielded to the temptation to speculate but his deep knowledge of the cotton trade and his uncanny appreciation of trends and developments in that incalculable sphere made him a good judge of the shape of things to come. In this capacity he was able to offer valuable advice and to save not only associates but colleagues from taking too precipitate a plunge. On the other hand he was always willing to lend a hand when trouble overtook his colleagues in the cotton world. Thanks to his timely advice and, on certain occasions, financial aid many leading traders and well-known business houses were saved from ruin.

Since his early days with the cotton trade Sir Purshotamdas was keen on devising ways and means to improve the quality of Indian raw cotton and to prevent evils and abuses such as adulteration and the misuse of transport facilities. Due largely to his efforts, the Cotton Transport Act was passed in 1922, the Government realising the great damage which was done to the spinning value of cotton by mixing with cotton of one

area the inferior varieties of cotton from another. It may be recalled at this stage that it was due to his consistent crusade that the Indian Central Cotton Committee was formed in 1921 for the purpose of improving the grade and staple of Indian cotton and preventing its deterioration by such dubious means as mixing. Sir Purshotamdas was a senior member of this body almost from its inception and served on the governing body of the Plant Research Institute at Indore.

For five years from 1933-34 to 1937-38 Sir Purshotamdas was the Vice-President of the Indian Central Cotton Committee and represented the East India Cotton Association on the committee from its inception until 1950. These seventeen years witnessed an impressive expansion in the committee's scope and activities and Sir Purshotamdas's pioneering efforts were responsible for improvement on many fronts. Sir Purshotamdas's campaign in this field was by no means confined to the committee. No man gave more of his time or advice to a farmer from Gujarat or elsewhere who had a carefully worked-out scheme for improving his produce or for evolving a new and better strain.

Many were the tributes paid to Sir Purshotamdas's work on the committee in the course of these arduous years. When he received the K. B. E., Sir Herbert Steward, then President of the Committee, referred to Sir Purshotamdas's outstanding work and paid an enthusiastic tribute to the high calibre of his services. In March 1952, when Sir Purshotamdas expressed his wish to retire from the committee, Sardar Datar Singh and Mr. K. M. Munshi, then Minister for Food and Agriculture, again eulogised his services. "Sir Purshotamdas," said Sardar Datar Singh, "has been connected with this Committee from practically its very inception and has helped to build it up on sure and sound foundations. . . . Those who have had the privilege of working with him will, no doubt, realise what a tower of strength he has been and how he brought to bear his sound judgement, wide and rich experience and expert knowledge of cotton matters during discussion on the various subjects coming up before the Committee. I am sure, all members would like me to place on record the Committee's greatest appreciation of the services rendered to it by Sir

Purshotamdas. We wish him all happiness in his retirement and trust that he will still give us the benefit of his advice whenever approached."

Echoing and endorsing these sentiments Mr. Munshi expressed both his official and personal sorrow at Sir Purshotamdas's impending retirement and referred to the high esteem in which he was held by the country's business circles. "I was pained to hear that my old friend Sir Purshotamdas is going to deny you the pleasure of his company," said Mr. Munshi. "I have known him for well nigh forty years. What he has done for the cotton trade nobody else can do. For the last thirty years, he has built up the East India Cotton Association as well as the Cotton Committee. He has enjoyed reputation as a very reliable friend, a sound businessman and a very wise man, which honour very often is not given to many in this world. I know when he was present at the time of discussion among the big businessmen, he was listened to with respect, which generally Ulysses was accorded in ancient Greece. I wish he could have agreed to continue as a member of this Committee for a few more years. Anyway, having had a long active career, he is entitled to withdraw from such spheres which he thinks unnecessary for him."

Here as in other fields Sir Purshotamdas was greatly concerned to improve the lot of labour. Among the memorials to his work on behalf of labour are the charitable dispensary at the Cotton Depot, Sewri; a welfare centre maintained by the Bombay Presidency Infant Welfare Society at the same Depot; a night school for labourers conducted under the auspices of the East India Cotton Association in the Cotton Green building along with a library and reading room run by the Management of the Cotton Servants' Relief Fund. A co-operative credit society was also started at Sewri to encourage thrift among the workers. In his capacity as President of the East India Cotton Association which controlled three of the main trust funds, the Cotton Servants' Relief Fund, the Maneckjee Merwanjee Nanporia Trust Fund and the Seth Shivanarayan Nemani Memorial Trust Fund, Sir Purshotamdas was mainly responsible for initiating and organising these schemes.

In November 1937 there was some labour unrest at the Cotton Depot at Sewri and the Government of Bombay instituted inquiries into the conditions prevailing there. Sir Purshotamdas gladly co-operated with this inquiry and indeed suggested certain measures for the protection of workers which were eventually accepted by the Government. From November 1, 1938, the Association appointed a labour officer to organise protective measures and the Association also prescribed rules for the administration of the labour it employed, appointed a Labour Supervision Committee and fixed the minimum wages for various kinds of work. Today the hours of work are regulated, and generous provision made for over-time. Under the Workmen's Compensation Act, insurance of liability is compulsory and in addition to compensation permanent hands are given wages for the first seven days after the accident for which there is no liability to pay under the Act. After an approved service of one year the facilities available under the Maternity Benefit Act are extended to the female workers while child labour is prohibited. Provision has also been made for pensions in the case of old workers who have no other means of livelihood.

It was natural that his deep concern for the welfare of labour and his activities in promulgating it aroused the appreciation both of labour and the business world. For a period of nearly three decades Sir Purshotamdas had been associated with the Bombay Port Trust on behalf of the East India Cotton Association and in November 1946 the trustees, in acknowledgment of his valuable services, renamed the highway known as the Cotton Avenue after Sir Purshotamdas, the road now being known as Sir Purshotamdas Road. An inscription on the post erected at the Cotton Green building carries a testimony to his services. "This road," it proclaims, "has been named by the Board of Trustees of the Port of Bombay in token of appreciation of the eminent services rendered by Sir Purshotamdas Thakurdas, as a trustee, during the long period of his association with the Bombay Port Trust extending over a period of about 27 years since 1914 and his connections with the cotton trade for about half a century."

Sir Purshotamdas, it will be recalled, was the senior member

of the Port Trust Board for nearly sixteen years. Apart from the original Cotton Avenue, which was renamed after Sir Purshotamdas, another road on which stands the Shree Ramachandraji temple was named by the Port Trust as Sir Purshotamdas Thakurdas Extension Road. In 1952 the trustees made available to the East India Cotton Association the site on which an impressive statue of Sir Purshotamdas now stands. The idea of erecting this statue was initiated by the late Mr. Ramdeo A. Podar on the occasion of the Silver Jubilee Year of the Association in 1947. This also coincided with the centenary year of the cotton trade in Bombay when a souvenir volume entitled *A Hundred Years of Indian Cotton* was published. Pandit Jawaharlal Nehru wrote a Foreword to the Souvenir Volume and the Prime Minister was the guest of honour at a luncheon given by the East India Cotton Association in 1948. Mr. Podar, who was then a Director of the Association, moved a proposal before the Board suggesting that in recognition of Sir Purshotamdas's meritorious services to the cotton trade and the Association two statues of Sir Purshotamdas should be installed, one at the Marwari Bazaar and the other at Cotton Green, and that in addition a fund should be raised whose income should be used for such purposes as would advance the interests of the cotton trade.

On the Board approving of these suggestions a committee was appointed to work out the details. A sum of Rs. 1.72 lakhs was collected for the fund and an eminent firm of sculptors was commissioned to prepare the statue.

This was unveiled on May 29, 1952 at the Cotton Green building by the then Chief Minister of Bombay, Mr. Morarji Desai. Many congratulatory messages were received and among them one from Raja Sir Maharaj Singh, then Governor of Bombay, who wrote: "Few have endeavoured to serve the cotton trade and the industry better than Shri Purshotamdas Thakurdas who has by sheer ability earned for himself an undisputed position in this trade." Another message was received from Sir Chintaman Deshmukh, the then Finance Minister, who wrote: "It is given to few men to leave their impress on an institution in so monumental a fashion as Sir Purshotamdas on the East India Cotton Association Ltd., and

it is but in the fitness of things that his services to the Association should be commemorated in durable form. I join in the tributes that will be paid to him on this occasion for his unerringly sagacious guidance in the affairs of the Association."

While unveiling the statue Mr. Morarji Desai said that he personally was against the practice of setting up statues of living persons but none the less he had consented to take part in the ceremony as there were few persons who had rendered such eminent services to Indian commerce as Sir Purshotamdas. The function was also notable for a speech delivered by the late Mr. Ramdeo Anandilal Podar, Chairman of the Commemoration Committee, who reviewed Sir Purshotamdas's unique services to the cotton trade, stressed the practical and humanitarian point of view with which he had approached every problem and paid tribute to his high sense of discipline and integrity. "The respect with which his advice was listened to by the Government and the trade alike was a symbol of the extent to which he had applied this test in his personal life," said Mr. Podar.

In the conduct of the cotton trade Sir Purshotamdas had worked out, through a process of knowledge and experience, certain codes of procedure and behaviour. He was strongly of the opinion that any objective or ideal could be best achieved through patience and persuasion and that it was better to delay its fulfilment if the support of the majority could be obtained rather than to precipitate it by sheer determination and authority. Thus during the war the Government's decision to control cotton textiles compelled restrictions on free marketing and the prices of raw cotton. It was a new era in the cotton trade. Both temperamentally and professionally Sir Purshotamdas had always been opposed to controls since experience had taught him that these usually resulted in generating a vicious circle of higher prices and more acute shortages. None the less during the difficult war years he constituted the main prop of Government in the effective administration of cotton controls. While abiding loyally by Government rules and regulations he continued at annual meetings of the Association to call for the restoration of

freedom to the cotton grower and trader. He has for many years been strongly of the opinion that the Indian cotton grower, far from being the pampered darling of the Government, has not had a fair deal. Certainly he has not been treated as generously as his American or Egyptian counterpart.

Addressing the annual meeting of the Association in 1946 Sir Purshotamdas regretted that the end of the war should not have seen an end to the emergency legislation. Far from there being any relaxation the trend appeared to be in the opposite direction. "Unfortunately," he observed, "the Government is getting deeper and deeper into the mire of moving in a circle in regard to its cotton policy and the Board has no option but to recommend to the Government the acceptance of its conclusion arrived at after much thought that the cotton control in India should be lifted."

Some of the severe restrictions on cotton exports which came in the wake of partition were also strongly resented by Sir Purshotamdas. He believed that these measures constituted an encouragement, even an incitement to "mixing", an evil which he had strenuously fought over the years and which was neither in the long-term interest of the cotton trade nor of the grower and certainly not of the mill industry for whose benefit these curbs were ostensibly imposed.

He returned to the attack in 1948 on the reimposition of controls. "It was unambiguously pointed out to the Government at the time the control was imposed," he declared, "that ceiling prices of Indian cotton, if any, should bear a fair relation to the price of cotton to be imported from abroad, especially Pakistan. But the Government refused to consider this obvious reasoning and its practical implication and has foisted on the grower of cotton and the trade a ceiling price which has now failed in practice. The ceiling prices are so unworkable that many mills are scrambling for 'kapas' and cotton at prices substantially above the ceiling; and those mills which are less resourceful or more scrupulous threaten to close down for want of cotton. A Government policy which is open to this is certainly a fertile breeding ground for blackmarketing and corruption. To make frantic efforts to depress the price of Indian cotton and to send Cotton Buying

Missions abroad for buying foreign cottons at relatively much high prices is an absurdity of which, one thought, at least our nationalist Government was not capable. It is being overlooked that in India since 1945 we have been eating into our carry-forward of cotton stocks and we have now come to a point where there is comparatively little of this carry-forward to depend upon."

By not raising ceiling prices to realistic levels and by simultaneously demanding larger production the Government, Sir Purshotamdas felt, was working clearly against the forces of nature. "How can we expect the farmer to grow more cotton," he asked, "when he gets much higher rates by producing crops such as groundnuts and oilseeds which are not controlled?"

The operation of the Government system of controls and its impact on cotton production and the level of employment in the trade distressed Sir Purshotamdas sufficiently to move him to write in 1948 an exceptionally strong letter to Sardar Vallabhbhai Patel, then Deputy Prime Minister. In this letter he spoke of the "continued worry and even uneasiness" which this matter had caused him. "The economic conditions in the country," he wrote, "and the developments resulting from the Government's handling of the same with particular reference to re-imposition of controls all-round have made me wonder whether the high principles for which Mahatmaji stood out so effectively and successfully towards the end of his life are not being forgotten, aye, thrown to the winds. You know that Mahatmaji did not press for abolition of controls on the routine arguments that there were adequate stocks of various commodities in the country etc., and, therefore, the control was unnecessary. His sole emphasis was on the ground, admitted by all, that control had led the country into a bog of commercial immorality on the part of commercial communities generally and corruption and bribery on the part of practically all concerned in administering the controls. These two complaints of his were completely justified when he pressed for decontrol. During the short period of five months that decontrol was allowed to exist, these tendencies showed marks of decreasing and certainly not of increasing. The agitation



kicked up for reinstituting controls requires to be examined with a view to ascertaining whether it would lead the country again into the bog which Mahatmaji rightly abhorred and sternly refused to tolerate any longer.

"While the Mahatma Gandhi National Memorial Fund and Gandhi celebrations are being talked of so glibly, I wonder whether a devoted and shrewd disciple of his like you has overlooked that Gandhiji's latest and most cherished *sutra* is being very crudely demolished by reinstitution of controls. The Government is frittering its energy and resources on the reinstitution of controls and the public are told how controls are to continue till 1951, etc. What a monument is being raised to Mahatmaji!"

Despite his continued protests and pleas New Delhi remained adamant and controls, far from being lessened, were intensified. To Mr. K. M. Munshi, who was then the Food and Agriculture Minister, Sir Purshotamdas wrote in 1950 replying to his assurance that the Government of India was more anxious than even Sir Purshotamdas to keep the quality of Indian cotton pure. "This," he pointed out, "is an assurance which has been repeatedly given by Government officials before now. This is an assurance which reads well on paper and indicates at least that the Government has good intentions. But I would like to ask whether anyone in Government circles is trying to ascertain the real facts of the situation.

"These are: that the proportion of *deshi* short staple cotton, particularly in Madhya Bharat, Madhya Pradesh and in other regions where different varieties of cotton are grown side by side and are being mixed has steadily increased, that the proportion of *deshi* cotton in these regions this year has mounted up very considerably, and next year there is every likelihood of the *deshi* crop outstripping Jarilla and all the other improved varieties owing to the simple fact that *deshi* kapas sells at a higher rate than Jarilla, the improved variety. The reason for this is the unnatural system of controls which has resulted in every kind of cotton in these regions selling at the same price irrespective of its quality. Whatever may be the Government's intentions and laws these are realities. Had not the realities been so tragic, I would not have indulged

in the pastime of writing to the Government nor would have taken up your valuable time. It is because I expect you, of all people, to rise above your departmental routine that I wrote to you personally in the hope that you would do something effective to prevent, even at this late stage, the tremendous setback to the quality of the entire crop of India."

The battle against controls on the cotton trade has still to be won although Sir Purshotamdas waged it relentlessly over many years. While restrictions on cotton textiles were withdrawn the controls on raw cotton remain. The Government's decision to retain cotton control is based largely on a shortfall in supply as a result of the partition. At the same time there has been a steady increase in textile production and the Government remains reluctant to restore freedom to the cotton trade. New Delhi also fears that in the event of cotton decontrol prices might shoot up and this would have the effect of diverting the lands under food crops to cotton. None the less Sir Purshotamdas persists in his belief that there is no better fillip to the production not only of cotton but of all agricultural crops including food than to give the grower his full measure of freedom and to let the market forces of supply and demand have full play.

## The Showdown

THE year 1954 marked a new phase in the evolution of the cotton trade for that year the *Forward Contracts (Regulation) Bill* was enacted by Parliament and the regulation and control of cotton administered until then by the East India Cotton Association was transferred from the Government of Bombay to the Government of India. As a result its administration came directly under the purview of New Delhi through the Forward Markets Commission.

According to the directions of the Forward Markets Commission, four directors on the Board of Directors of the E. I. C. A., until then nominated by the Bombay Government, were now to be nominated by the Centre. Certain necessary alterations to the Association's bye-laws which provided, under certain contingencies, for the approval of the Commission were also implemented. Following the approval of the Forward Markets Commission, trading in new crops 1954-55 (February 1955 delivery) commenced from October 7, 1954.

No man was more keenly alive to the need for all-India regulation of commodity markets than Sir Purshotamdas who welcomed these measures and looked forward to the orderly growth and progress of the cotton trade. At the same time none knew better that the trade, through a process of trial and error, had evolved in Bombay a model institution without parallel in the country. Although he welcomed the principle of Central control Sir Purshotamdas was even then uncertain how far some of the unique characteristics of the institution he had so carefully consolidated would survive the steamroller regulations of an all-India leviathan. Moreover an outstanding feature which characterised the growth of the E. I. C. A. during the 32 years preceding 1954 was its uniformly cordial relations with the Bombay Government which helped greatly to pro-

note the interests of the Association and at no stage interfered in its internal autonomy. As a result the trade functioned smoothly and whatever representations the Association made were disposed of without delay.

An instance of this close co-operation between the E. I. C. A. and the Bombay Government is found in the peculiar situation which arose during the war in 1942 following transport difficulties and the stoppage of Indian cotton exports. A conference of various interests was convened by the then Finance Adviser, Sir Henry Knight, in the Bombay Secretariat, and this body proceeded to consider the possibility of revising the then existing three-hedge contracts in order to meet the prevailing situation. It was agreed that the cotton trade of Bombay should maintain its normal vitality and working as a team the Association and the Government were able to devise a new hedge contract, namely, the Indian Cotton Contract with  $\frac{3}{4}$ " Fine Jarilla as its basis. Various innovations were introduced to meet the extraordinary situation. With Government support the new hedge contract came into operation from July 15, 1942 and many of the innovations then introduced continue with certain adjustments to suit the changing conditions in the Indian cotton crop.

Sir Purshotamdas was deeply appreciative of the Government's gesture and conveyed his gratitude in a letter addressed to the then Finance Secretary, Mr. A. D. Gorwala. It was, he realised, a striking example of what enlightened official co-operation could do in the field of commerce and trade. "That such a hedge contract could be put on the statute book within six months after it was conceived strikes me as an event which will call for a parallel for years to come," Sir Purshotamdas wrote.

Mr. Gorwala reciprocated with equal generosity and in his letter wrote that "Government appreciate that this result has been due to your own efforts, and congratulate you on bringing the matter to this admirable conclusion."

Against this background it was not surprising that Sir Purshotamdas should be moved to utter a caveat in the new circumstances of 1954. In an official note prepared in October of that year the E. I. C. A. referred significantly to the steady

evolution of the cotton trade under the aegis of the Bombay Government and acknowledged that the Government's contribution towards the eventual unification of the trade had been magnificent. The Association hoped that the same cordial relations would continue between the Association and the Central Government and that the Forward Markets Commission would follow the healthy traditions laid down by the Bombay Government.

Alas, these hopes were not to be altogether fulfilled. Indeed it was not long before a series of incidents culminated in Sir Purshotamdas's resignation from the East India Cotton Association, thereby terminating a relationship extending over 32 years. It was an outcome which caused Sir Purshotamdas no less than the cotton trade grievous sorrow. More than four decades of his active career had been dedicated to the cause of cotton and his departure from the traditional *gadi* at Kalbadevi and Sewri caused, despite the controversial issues involved, deep and genuine regret throughout the country.

The basic issues on which Sir Purshotamdas differed from Government touched matters which he felt were of the utmost and vital importance to the cotton trade in general and to the free functioning of such institutions as the East India Cotton Association in particular. To the many specific objections and protests which Sir Purshotamdas raised the Government was content to retreat behind the omnibus excuse that their actions were "in the public interest", an alibi beloved of bureaucrats the world over.

The actual events which precipitated the crisis might be briefly described. The Government of India had fixed the ceiling for Indian cotton at Rs. 845 for the basic cotton Fine Jarilla 13/16. Between October and December 1955 the quotation in the futures market advanced steadily due to many cumulative factors, the most important being the downward revision of the crop estimates and the general rising trend of commodity prices, especially in foodgrains and oilseeds. In a socialistic pattern of society the economic forces of supply and demand are traditionally at a discount and Government peremptorily asked the E. I. C. A. overnight to impose ceilings for cotton at Rs. 700 which was about Rs. 145

below the official ceiling prices earlier announced by the Central Government as its "policy for the season". It was not long before the Forward Markets Commission suggested the existence of a 'squeeze' in the February 1956 contract and the cotton market in Kalbadevi was thereupon unceremoniously asked to shut its doors.

As a result the forward market remained paralysed and the imposition of a "ceiling within a ceiling" in mid-season in complete disregard of Government's own initial formula led to growing differences between the Commission and the trade. On April 10, 1956 the Commission sent out ten consecutive letters suggesting or seeking to impose sweeping alterations in the bye-laws and procedures of the E. I. C. A. Sir Purshotamdas, who had been greatly distressed by these developments, felt that this constituted the last straw.

On April 20, 1956, he sent a letter to the Board of Directors tendering his resignation as Chairman and Director. The letter describes clearly the issues involved and merits full quotation. It reads: "Futures trading is a technical, complex and delicate art, and, in my opinion, it is imperative that its control should be with such persons as are not only knowledgeable but are also in day to day touch with it and stand to suffer themselves from the results not only of a misdirected policy but also of an error of judgement. This is not to question the wisdom of a strictly impartial overall superintending body, provided such a body attends to the general direction of the trade but does not interfere in the detailed and day to day working of the Association.

"In respect of cotton, the grower has a vital interest in the proper direction of the forward market. However, the grower in India is not vocal and is unorganised, and the motives of anyone who tries to befriend him are doubted. Whereas there has recently been so much stress laid by the Forward Markets Commission on a rise in price and a ceiling within a ceiling, there is conspicuous absence of stress on the need for the grower to secure a fair price, in accordance with the forces of demand and supply, as may be available to him even within the limitation of the official ceiling prices which are well below the world price of cotton. Whatever defence there may be for

such ceilings, there should be no denial to the grower of his right to realise up to the maximum ceiling prices during the marketing season.

"The trend of recent developments is for the authorities to exercise increasing powers of regimentation and for the business community to yield to them. The last bunch of eleven letters dated the 10th April, 1956 from the Forward Markets Commission bears testimony to this. The safeguards, procedures and rules of working which the Association has devised over a period of 35 years are in jeopardy to the detriment of the trade. I do not think that, when the trade accepted Government supervision, they expected to have to more or less surrender their initiative and to content themselves merely with carrying out the wishes of the Forward Markets Commission, both in the matter of prices and in the matter of day to day operations. It may be recalled that I fought for and secured independence and democratic control in the management of the cotton trade from alien hands and from an alien Government. I have worked so long to preserve this independence through difficult times. But I cannot fight our Government, nor do I seem to be able at this juncture to carry them with me. I have therefore come to the conclusion that I should now make way in the Board for such members of the trade as may be able and willing to work under the changed conditions.

"I need hardly say that I leave the Board of the East India Cotton Association at this juncture with a heavy heart. I wish the cotton trade and my successor on the Board the best of luck.

"Before I conclude, I wish to record my appreciation of the confidence which you, my colleagues on the Board, past and present, have shown me from year to year for the last thirty years by electing me the President of the Association, and of the loyalty with which the staff of the Association has served me as President. To the band of honest and knowledgeable surveyors, I would say they have materially helped the trade to turn over a new and clean leaf and they will always be able to hold their heads up to anyone."

It was a deep wrench for Sir Purshotamdas who valued

keenly his association with the Board and though some might have differed with the reasons which impelled his resignation all were agreed that he had shown characteristic independence and demonstrated the courage of his convictions. In an effort to induce Sir Purshotamdas to withdraw his resignation the Board postponed consideration of his letter but Sir Purshotamdas is not a man to make up or change his mind lightly and the Board had at long last reluctantly to recognise the fact. His resignation was accepted and Mr. Madan Mohan Ruia was elected in his stead.

Meanwhile the Forward Markets Commission, riled by Sir Purshotamdas's statements in his letter of resignation, issued a long rejoinder. Among other things it stated that while it regretted his resignation it could not allow itself "to be overawed into abdicating its functions". In a press statement the Commission observed that the resignation had come as no surprise since "it has been in the air for many months". It expressed pain at the remarks contained in Sir Purshotamdas's letter and although it stated that it shared the view that the detailed day to day working of the E. I. C. A. should ordinarily be with the trade it insisted that it had also to be in conformity with "certain general principles which the supervising authority has to lay down in the interest of the trade and in the public interest."

Since this rejoinder led to another acrid controversy, it is only fair to quote it substantially. Among other statements, the Commission observed: "The Association could not have been unaware of the implications of the Forward Contracts (Regulation) Act when it sought recognition under it and recognition has been granted to it on the express condition that it shall comply with such directions as may from time to time be given by the Commission. The Commission has, however, always believed that the regulation of forward markets is a business in which the recognised associations and the Commission have to work hand in hand. The initiative rests with either and the final decision has to be taken after full discussion of the issues involved.

"The Commission has dealt with all requests from the Association with speed and consideration and has always



preferred to put forward proposals for the consideration of the Association rather than to issue them as directions. The Commission has, likewise, shown the greatest courtesy to Sir Purshotamdas personally. It is sad to record, however, that any proposal from the Commission has been looked upon with resentment and the Commission has had difficulty, on occasions, even in arranging for representatives of the Association to meet it for discussion." The Commission went on to remark that it was curious that trading interests should claim to be the "sole custodians" of the interests of the growers and it insisted that the question of prices was not one which could be determined merely by the forces of supply and demand or in the interest of one section of the community. "It has to be decided in the context of various factors such as the national income of the country and the requirements of planned development. The closure of the cotton market in December 1955 was necessary in order to prevent a squeeze on the February 1956 contract. The interests of the growers, however, were not prejudiced as they were able to sell their stocks in the ready market."

The Commission, emphasising its statutory responsibilities, explained that it had to keep the forward markets under observation. It explained that the nature of its duties was comprehensive and that it would discharge them without fear or favour. "While it is anxious not to hurt the susceptibilities of the trade or cause it any inconvenience, it cannot allow itself to be overawed into abdicating its functions," the Commission concluded.

So peremptory and frontal a rejoinder could not but provoke a counter reply, the more so since it contained various allegations against the E. I. C. A. in general and Sir Purshotamdas in particular. On April 25 Sir Purshotamdas returned to the fray in a blunt, frank statement which minced no words. "If freedom to express one's views and to persist in holding to one's convictions differing from official views is to be considered as overawing the Commission, I stand guilty of that charge," wrote Sir Purshotamdas. "It is strange that the Commission should complain of being overawed when they reportedly did not hesitate to draw attention to their powers

to (a) withdraw the recognition of the Association, and (b) to supersede the Board of Directors. These drastic powers are meant to be used as a last resort and to counteract gross mismanagement and misconduct. If there can be any over-awing by anybody, it can only be on the part of the party having wide powers. Hoping that the attitude of the Commission and of the authorities behind it might change once the recent controversies were settled, I carried on in the midst of trying moments as I did not by an abrupt action wish to jeopardise the work done during the last 35 years by the Association which has raised itself in the estimation not only of other Associations in India but has earned an international reputation. However, the recent bunch of eleven letters dated April 10, 1956 was the last straw that broke the camel's back and indicated in no uncertain terms what the Commission's policy would be in regard to the management of the Association's affairs.

"I carried on well with the Commission till I was told overnight to set up ceilings for cotton at Rs. 700, i.e. Rs. 140 below the official ceiling prices announced by the Government of India as their policy for this season. In the face of rising prices of other commodities such as foodgrains, oilseeds etc., it was incomprehensible that the Association should be so willing a party to lowering of the ceiling prices to the detriment of growers and which I know would not work, as indeed it has in practice not worked. I trust that the Commission and the authorities behind them have learnt the lesson that economic forces are stronger than the fiat of the Government, however powerful; witness, for instance, the debacle in cotton in the U. S. A. despite the financial might of the U. S. A. It was easy for me to have taken the path of least resistance, on finding the Government bent on a certain line of action, and remained silent till the Government woke up to their mistake. Instead I took the courage of doing my duty and telling them frankly what I thought. This is now sought to be interpreted as a challenge to their authority and of trying to overawe them, instead of realising the fact that since the attempt to enforce the price level of Rs. 700 by taking the drastic step of closing down the Futures market, economic forces have led to

prices in the spot market increasing by about Rs. 100, with mills keenly seeking cotton at advancing prices.

"I have been accused of not having regularly attended meetings of the Board. With the market being closed down or paralysed by unworkable ceilings, there was little business to attend to except to carry out the wishes of the Government. But I always placed myself entirely at the Commission's disposal and if the Commission did not utilise my services in recent months, it was because they were aware of my views which were unpalatable to them. Just as the Commission had been courteous to me, so have I shown every courtesy to them; but I cannot be expected to pay homage to anybody at regular intervals just because they expected it, although I was quite prepared to be with them as often as the occasion required.

"The mention of the cotton grower has not unexpectedly so hurt the Commission that they accuse me of claiming a monopoly for speaking on their behalf — a claim which I am not aware of ever having made. It is strange that the Commission should in one breath say that they permitted Futures Trading for the protection of the cotton grower without explaining whether it was in the interest of the grower that they closed the Futures Market, and again whether it was with a view to benefitting the grower that the Government's official ceiling price of cotton was sought to be lowered from Rs. 845 to Rs. 700 during the middle of the marketing season. I wonder whether the consent of the Ministry of Agriculture was obtained on this. The hackneyed charge that it was only the speculators who rigged up the prices has naturally now not been revived in the Commission's statement for obvious reasons. Economic forces have asserted themselves and more than vindicated my opposition to attempt an arbitrary lowering of the ceilings for Futures Trading in the prevailing circumstances. The spot price position has now amply proved that the rise in the prices of cotton that took place from October to December was not as a result of speculative manipulations. Indeed, those of the operators who foresaw the shape of events to come proved right. But no set of speculators could have rigged up the prices last season despite Government sympathy and none could have held them down this season. I tried in

vain to seek an explanation of the Government policy, but I was told that it was an order from the Minister himself and was not subject to discussion. The attempt at regimentation of the Futures market led to the unexpected result of the Spot market asserting itself under the play of economic forces.

"In conclusion, I would repeat that the radical alterations in the bye-laws and procedures of the East India Cotton Association suggested or sought to be imposed in the series of letters dated 10th April 1956 will so change the complexion of the cotton trade that before long the edifice so laboriously built up during the last 35 years may come down. The Forward market will be reduced to registering the wishes of the Forward Markets Commission and may be divorced from realities. I therefore have decided to quit the East India Cotton Association with a view to making room for a more amenable successor in the hope and prayer that he may still be able to preserve all that is best in the cotton trade of India and that the Forward Markets Commission will have learnt its lesson from the little experience of last year."

It was not to be expected that the Commission would resile from its attitude but events soon justified much of what Sir Purshotamdas had prophesied. The spot market at Sewri, cut off from its moorings in Kalbadevi, continued on its lonely spiral. Facts belied the Commission's claim that the cotton grower would be able to take advantage of these prices. Even assuming that the claim was justified the primary objective of adjusting the price level "in relation to various factors such as the national income of the country and the requirements of planned development" was nullified since the full ceiling price (corresponding to Rs. 845 for 13/16" Jarilla and not Rs. 700) was reached for spot cotton with mills as eager buyers, thus vindicating Sir Purshotamdas's view that the forces of demand and supply would assert themselves, a fact which the Commission was all along inclined to discount.

By now serious misgivings about the efficacy of a measure ostensibly taken in its interests beset the cotton mill industry. The Commission, however, stubbornly maintained its stand and sought to buttress it with further statements and explanations. At this juncture Sir Purshotamdas was taken ill and

was unfortunately unable to rebut immediately the statements made. He lost no time, on his recovery, to take up the threads, although he was personally unable to intervene directly. A letter written on his behalf contains his views. "It will be recalled," stated this letter, "that the control on Forward trading was first imposed by the Congress Government after independence and a Cabinet Committee presided over by Shri Morarji Desai investigated the affairs of the Association and that Committee openly thanked Sir Purshotamdas for the co-operation that he gave to regularise control on Forward trading in cotton in Bombay.

"It is a travesty of facts to say that coercion was needed by the Commission to enforce the margin system in October 1954. The provisions regarding margin and the manner in which statements were to be submitted required detailed working and called for negotiations. The negotiations were conducted by the deputies nominated by the Board of the East India Cotton Association. After the negotiations regarding the margin had gone through, the then Chairman of the Commission, Dr. Naidu, in a press interview on 5th October 1954 publicly paid a tribute to the E.I.C.A. President 'for personally handling the matter and the co-operative spirit in which the Board of the Association conducted the negotiations'. The charge therefore against him of not co-operating in regard to the margin system could only have been made out of sheer ignorance or malice.

"It was true that, on account of reduced crop following unseasonal rains and floods in the Punjab and the late movement of crop coupled with phenomenal mill demand, the prices of Indian cotton *both* in Ready and Futures went up. If the Futures advanced, it was clear that there were a set of people who had the vision of seeing coming events. It needs to be grasped that the Futures market does not reflect the price of cotton as it would rule today in today's circumstances of supply and demand. The Futures market, as its name signifies, looks to the future and its very purpose is to discount the future. Subsequent events fully vindicated the viewpoint of those who could see coming events in true perspective.

"The Commission make out the case that the cutting of the

Futures on 23rd December led to a small fall in prices. That was the effect of the first shock but exactly the reverse happened after the effects of the shock wore off in about a fortnight. It has to be remembered that it was not the speculators alone who wanted to squeeze the Contract but mills, i.e. the actual spinners and *bona fide* consumers of cotton who entered the Futures market and clung on to the Futures for a most interesting technical reason. One is not at all sure whether the Commission ever advised the authorities in Delhi about it as it was a sin of their own commission.

"Bye-law 55 was amended at the instance of the Commission. This bye-law deals with the manner in which all cottons other than the basic variety viz., Fine Jarilla 13/16" are to be tenderable. In amending this, the necessary discretion to fix the rates was taken away from the Special Committee and the Board, in spite of the unanimous vote of the Board and the earnest pleadings of Sir Purshotamdas Thakurdas who observed: 'It is the existence of some discretionary power that saves the administration of the bye-law being made rigid and consequently would act as a check, if circumstances so justified, against manipulative tendencies on either side. . . .'

"As per the amended bye-law, the Board were under an obligation to deduct the premium for Fine Jarilla 13/16" ruling in the spot market over the Futures, from the premium payable for all staples in the basic Jarilla except 13/16" as well as for all varieties other than Jarilla. This premium was then as much as Rs. 75 per candy, and this therefore made receiving cotton against tenders very attractive. In a difficult year as this one, when the grade of the crop was considerably lowered, which made a fairly large quantity untenderable, this compulsory discount put the Contract completely at the mercy of the holders of the Contract and the difficulties foreseen by Sir Purshotamdas Thakurdas in denial of discretionary powers came about much earlier than anybody had anticipated.

"Under the circumstances the full responsibility for the consequences in imposing the amendment which so gravely aggravated the position must rest with the Commission. Rather than admit its mistake, however well-meaning might be the

motives, the Commission seeks to blame the Association and its Chairman for not wishing to co-operate."

Although Sir Purshotamdas was deeply concerned with what he believed were wrong-headed and perverse decisions, nothing pleased him more than the rapprochement effected between the E. I. C. A. and the Commission. Not all the terms commended themselves to him but the very fact that the Commission itself was enthusiastic about the resumption of Forward trading in 1956-57 constituted, he felt, an indirect vindication of his stand and he was happy that the threat of prolonged unemployment in the cotton market had receded.

Sir Purshotamdas's attitude reflected the outlook of a strong and independent mind which believed in freedom of action for commercial enterprise in the free sector, in the genuine interest of all concerned including the grower and trader, and consistent with the objectives of healthy control over Futures trading. More recently this has been a losing fight for the authorities choose to arm themselves with increasing powers which threaten both the functioning of free enterprise and of democratic processes.

## Family Traditions

AT 77 Sir Purshotamdas can look back on a career rich in effort and achievement. Covering as his life does more than the biblical span of three score years and ten, it begins in days when India was still far from political freedom and when the country's endeavours to reach out to new ways of economic uplift were only dimly taking shape. Thus Sir Purshotamdas's career stretches across an important latter-day span of the story of India's political and economic life, and in both spheres, particularly the latter, he was to play a constructive, often a definitive role. His impress was strongest in the commercial field but his contributions to the country's political achievement, although less spectacular, are not negligible. Thus his is a career which, though dominated largely by business activities, has many facets and offers an illuminating example of versatility.

Actions, it is said, reflect the man. Like his activities, which are more solid than showy, Sir Purshotamdas's personality does not lend itself to spectacular presentation. But from very early days, certainly from the time when he entered the world of business as a humble apprentice in his uncle's firm, there is discernible in his character a consistent blend of qualities expressing themselves in prodigious industry, in attention to detail, independence, forthrightness often to the point of bluntness, caution combined with calculated dash, and throughout a high integrity of purpose and action. The perseverance with which he pursued his activities, often against considerable handicaps and deterrents, is another distinctive trait of his character.

These characteristics are equally evident in the less public aspects of his career. It is appropriate therefore to round off this account of Sir Purshotamdas's many-sided life with a few



details of the man as his friends and family know him. In his personal life no less than in his economic thinking and political philosophy, Sir Purshotamdas reflects an unusual synthesis of modern thinking with deep regard for the best in ancient customs and traditions. Although orthodox and religious by temperament, neither religion nor orthodoxy has unduly obsessed him. But his devotion to the Dakor Temple and the deity it enshrines expresses the deep-rooted respect he cherishes for his ancient faith, and he likes to recall an incident that once saved the life of his father and made his ancestors ardent devotees of the Dakorji.

The incident was narrated to Sir Purshotamdas by his uncle Vijbhucandas. It occurred when Purshotamdas's father, Thakurdas, was barely five years old and was on a pilgrimage to the Dakor Temple accompanied by his parents. It was the month of May and as was the general custom then the family put up at the purohit's residence but within a few days of their arrival a virulent outbreak of small-pox occurred. Thakurdas was among the first victims to develop the disease in a severe form and on the local physician being sent for he informed the parents that Thakurdas would not survive the scourge or, if he did, would lose his eye-sight. The news naturally upset Thakurdas's parents, and his mother was inconsolable. Atmaram, Thakurdas's father, tried to console his wife by saying that their son would not die and that Lord Krishna would come to his rescue. This assurance made small impression on the distressed mother. That night, however, Atmaram dreamt of the Dakorji who told him that his son would not die under any circumstances. Thereupon Atmaram, greatly moved, awoke his wife and having prayed he asked her to prepare herself for a journey to a village about twenty miles from Dakor. In his dream the Dakorji had ordained Atmaram to weigh Thakurdas against "baji" — a customary ritual among devotees — and to offer it as a dedication.

Although Thakurdas's mother was still sceptical she was persuaded by her husband to accompany him on the journey. Taking their ailing child they set off the next day for the village, travelling by bullock cart. But before they could reach their destination dusk overtook the party and they found

themselves in a thick jungle. Despite the driver's strenuous efforts the bullocks refused to budge and Thakurdas's mother was reduced to despair. As she gave vent to her distress in tears a man came along the path with two bullocks and inquired why the party had come to a halt in the midst of the jungle at so untimely an hour. The driver explained their predicament. Whereupon, the stranger offered to lend his bullocks and even volunteered to drive the cart until they reached their destination. Thakurdas's mother had by now regained her composure and intrigued by the proceedings she ventured to inquire of the stranger his name. He replied that his name was Ranchod, another name for the Dakorji. Atmaram, hearing this, felt that his prayers had been answered.

With Ranchod driving, the cart rattled along at a fast pace and finally reached its destination. Atmaram, who was naturally grateful, offered to cook *chapatis* for their heaven-sent guide. Not long after the original driver, who had been left behind with his two bullocks, arrived whereupon Ranchod vanished as if by magic. Despite a vigorous search he could not be found. Atmaram felt momentarily aggrieved that the guide had disappeared without either his food or his fee but by then he was convinced that the stranger was none other than the Ranchod who had blessed Atmaram in his dream. The "tula" or weighment ceremony was celebrated according to their original plan and Thakurdas soon recovered without losing his eye-sight.

This incident made Atmaram's family ardent devotees of the Dakorji but it was left to Sir Purshotamdas to give adequate and appropriate expression to his family's gratitude. In 1912 he was approached with a proposal that he should become a member of the committee of the Dakor Temple. Although he was then immersed in famine relief work he recalled the debt which his family owed to the Dakorji, and remembered particularly a reported statement of his father who had said, "If ever my son wants to do anything for my sake he should do it at Dakor."

Sir Purshotamdas thereupon readily consented, and ever since he has been closely associated with the management of the temple. For many years he was accustomed to visit Dakor

almost every Sunday by the Gujerat Mail, returning to Bombay on Monday morning. Apart from this he has often taken his grandchildren to Dakor to impress upon them the family tradition and to inculcate in them a sense of homage to the deity. Attached to the Dakor Temple is one of the best schools in Kaira district which Sir Purshotamdas was instrumental in building.

The management of the temple has not been without its drawbacks and difficulties, the inevitable controversies associated with famous shrines often coming to the fore. One such was the campaign for Harijan entry which caused a storm among the more orthodox religious sections of this pilgrimage centre and threatened to precipitate an acute crisis. While the Bombay Government insisted that the temple should be thrown open to Harijans in consonance with the law, the temple management, backed by the orthodox elements, vigorously resisted the move. Sir Purshotamdas, while counselling the Government to move circumspectly, brought his influence and authority to bear on the temple management pointing out that the entry of the depressed classes into Hindu temples was in accordance with prescribed legislation and that the temple committee must move with the times. Orthodox opposition was strong and for a time it threatened to mobilise considerable local support but Sir Purshotamdas, as always, stood his ground and the matter was amicably settled, the temple administration undertaking not to prevent Harijans from entering the shrine.

The main feature of Sir Purshotamdas's long record of public service has been his sense of implacable honesty. Work on numerous committees, many of them concerned with economic and financial policies, reveal as much his clarity of mind as his integrity. An early incident illustrates this.

As an apprentice in the cotton trade he once called on a Mr. Glazebrook of the Cotton Association to settle an account. Mr. Glazebrook issued the cheque and pleased with the young apprentice gave him another cheque for Rs. 5,000 — as "pocket money". Purshotamdas took the cheques and the next day the amazed Glazebrook had a letter from Narandas Rajaram & Co., acknowledging the rebate of Rs. 5,000. Glazebrook asked

the young apprentice why he had passed on the money to his firm.

"Is that your bible?" he inquired.

"There is nothing biblical about it. It is commonsense," replied the young apprentice.

Sir Purshotamdas does not flatter or deceive himself that his practice of honesty is second nature. It does not pay to be otherwise, he often stresses. No one is more aware of the chinks in his armour. Being masterful and pugnacious by nature, he likes the people around him to say "yes" and is not immune to flattery. He once asked a well-known astrologer who was examining his horoscope, "How much money do you think I have?"

The astrologer with the shrewdness and caution of his tribe parried the question.

"Sir," he replied, "your money can't be counted, it can only be measured."

The answer amused Sir Purshotamdas.

With all his wealth, Sir Purshotamdas is frugal in his personal habits. For many years he was wont to send his office peon daily for a cup of hot coffee and *khara* biscuit from the nearest restaurant as an afternoon snack — a practice he would disapprove today were his son-in-law or grandsons to resort to it. Some years ago, when large automobiles were difficult to come by, a dealer having a sleek, streamlined Cadillac decided to offer it for sale to Purshotamdas.

"How many miles does it give for a gallon?" asked Sir Purshotamdas.

The dealer was taken aback to hear a millionaire bother himself about mileage. The transaction fell through.

Another ready characteristic of Sir Purshotamdas is his tact which has enabled him, on numerous occasions, to tide himself and other people over embarrassing situations. An occasion was the wedding of Sir Chunilal Mehta's daughter where the large lawn of 'Malabar Castle' was filled to overflowing with guests. It happened that the bridegroom's party comprising a large number of individuals was about to arrive in procession and the bride's party was faced with the problem of accommodating them on the lawn. Clearly the guests, already seated,

could not be asked to vacate their seats. But custom demanded that the bridegroom's party should be received with all ceremony and suitably accommodated.

Word of the predicament reached Sir Purshotamdas and he immediately acted. Going before the gathering and greeting them in the traditional Indian style he declared, "Gentlemen, I am happy to announce that the bridegroom's party is about to arrive. Why not all of us go near the gate and welcome them?" There was nothing inappropriate in the suggestion and the guests immediately got up from their seats and moved in an orderly file to the gate to greet the incoming procession. Both the parties mingled together and managed to find room inside without causing any discomfort or offence to the invitees.

His ability to solve intricate and complicated problems in public life and business was but a projection of the same commonsense and tact. Around 1930, when the fight for freedom was at its peak, various trade associations joined hands and decided to take a mammoth procession around Bombay which was to terminate in a public meeting at the Cross Maidan. Among others, G. D. Birla was to address the meeting. At the last minute, permission was refused by the police and the procession was banned. Mr. Birla, having agreed to address the meeting and take part in the procession, decided to stick to his promise and court arrest. Sir Purshotamdas tried to dissuade him but with no success. The procession made its way to Bori Bunder without incident, but here a large posse of police barred the way and a showdown was imminent.

At this juncture Sir Purshotamdas contacted the Commissioner of Police and after considerable discussion secured permission for the procession and the meeting on the understanding and on Sir Purshotamdas's personal undertaking that the procession would go peacefully from Bori Bunder to Flora Fountain and from there to Cross Maidan. There were no further incidents. But later in the evening, long after the meeting had dispersed, it appeared that two men proceeded towards Apollo Bunder and threw stones at the Taj Mahal Hotel. The Commissioner of Police complained to Sir Pursho-

tamdas alleging that the incident was a sequel to the meeting, but Sir Purshotamdas replied that he had not signed a personal bond for the good behaviour of all the men who participated in the meeting for all times to come. The procession and the meeting had passed off without incident and that was what he had promised. The matter was pursued no further.

Caution and discretion are two of Sir Purshotamdas's characteristic qualities. As we have already seen Sir Purshotamdas did not care to acquire a managing agency in any industrial enterprise, and a scrutiny of his investments shows the emphasis he places on a safe, steady return rather than on runaway profits and dividends. His preference for fixed yield securities such as preference shares and debentures is well known to his personal friends.

During the political turmoil of the thirties, Sir Purshotamdas realised the importance of a free newspaper and a free news agency which would publish all the news without fear or favour. Accordingly he took a personal interest in the affairs of the *Free Press Journal* in Bombay as also in its scheme for a global news service. He knew that to venture into journalism was to tread a slippery ground and that much money would be expended before anything worthwhile was accomplished. Friends like Mr. Birla, with considerable experience in this line, warned him against any far-fetched commitments. Despite these caveats, Sir Purshotamdas invested a substantial amount in the *Free Press Journal* on the urgent pleas of the late Mr. S. Sadanand. Most of Mr. Sadanand's schemes unfortunately went awry and before many years had elapsed during which further amounts were spent, Sir Purshotamdas deemed it wise to withdraw.

In a personal letter dated July 17, 1935, Sadanand wrote: "Our acquaintance is spread over the last twelve years. During this long period, there have been occasions when I have received from you intensive support. There have been equally long periods when I have not received any support from you. Similarly, we have seen eye to eye on several occasions and worked together and on certain questions we have not been able to see eye to eye. You have spoken sometimes kindly and sometimes harshly as you considered it necessary in my

interests. I know that it is a strong feeling with you that I am trying hard and recklessly to climb to power as anybody else. I have not been able to convince you to the contrary and for some years now I have given up trying to convince you in regard to myself."

Little is known to the public of Sir Purshotamdas's many philanthropic disbursements. These have been to both private and public causes with one overriding consideration — that whatever the disbursement it should yield the maximum benefit to those it sought to help and that these benefits should be of a permanent, not temporary nature. Sir Purshotamdas has never been a believer in doling out charity in the form of easy cash since much of this, he feels, is liable to be wasted unless scrupulous vigilance is maintained. Apart from this he has been chary in publicising his charities since quite apart from any personal antipathy to advertisement he believes that this would only attract many undeserving persons to advance their claims on his generosity. Thus in a sense his philanthropy has been off the beaten track and in that sense displays an originality typical of his temperament.

Education is among Sir Purshotamdas's principal beneficiaries and Surat has benefited greatly from this windfall. Coming as he does from this district where his prestige and influence are considerable he is well placed to ensure that the maximum advantage accrues from his benefactions. Characteristically he has also linked these disbursements with a system of local self-help and thereby paved the way for what in many ways is a remarkable, even unique system of educational self-help.

Three decades ago education in the rural areas was a comparative luxury since the bulk of the villagers had not the means to send their children even to the primary classes and wherever such institutions existed they were mere apologies for the real thing. Classes were held under improvised structures or in cattle sheds or in the open under the trees. Noting this Sir Purshotamdas felt that here was one sphere in which he could make a worthwhile contribution which would benefit generations to come. He accordingly informed the Bombay Government that he was prepared to

sponsor a scheme under which he would pay Rs. 10,000 or more every year until the district was fully supplied with school buildings, but the offer was conditional. The conditions stipulated that the village people should contribute one-third to one-half of the total outlay, the remaining expenditure being met from Sir Purshotamdas's funds. The people's contribution could take the form, apart from cash, of free land for the school buildings, and also voluntary labour. Moreover the buildings should be erected by and under the supervision of a committee appointed from among the people of the village according to the plan supplied to them, and on completion the buildings should be handed over to the district local board for maintenance. The scheme worked well and Sir Purshotamdas's donations exceeded by far his own promise. What he had envisaged as an experimental measure expanded into one of the most effective and successful campaigns to eradicate illiteracy.

The scheme, known popularly as the Sir Purshotamdas Thakurdas Village School Building Scheme, has made remarkable progress. In the first three years ending 1929 as many as fifty schools were constructed according to the standard specified by the Government providing accommodation for 4,080 pupils at an estimated cost of Rs. 1.36 lakhs to Sir Purshotamdas and Rs. 82,349 to the villagers. The schools cover a network of institutions including girls' schools, schools for the depressed classes and for Muslims apart from more general institutions.

The success of this experiment has naturally been a source of considerable satisfaction to Sir Purshotamdas who likes to emphasise how self-help generates self-help. In one village, for instance, where a school was constructed by the side of a river, the spirit of co-operation extended further and a water pump was installed to supply potable water free of cost to the villagers. At another village during the many rounds he undertook to watch the working of the scheme, Sir Purshotamdas met a postal-carrier who owned a cattle stable which housed his animals by night but served as a primary school by day. Questioning the postman he discovered that this indigent individual was charging the villagers nothing for the



use of his property. In this the postman was inspired by his wife and on questioning her Sir Purshotamdas was intrigued by her answer.

"My husband owes his humble career," said the woman, "to lack of education and I do not want that the same lot should befall my children or for that matter any other child in this village."

Sir Purshotamdas was greatly impressed by the woman's progressive outlook and he suggested that a shawl should be presented to her at the next Durbar as a mark of appreciation of her public-spirited action.

Three years later Sir Purshotamdas visiting the place again found that the cattle shed had been pulled down and that the plot had been offered free of cost for the construction of a school under his scheme. Remembering his recommendation to the Director of Public Instruction, Sir Purshotamdas asked the woman to show him the shawl she had been given. But here evidently was a woman who had not made sacrifices either for the benefit of publicity or for rewards. The shawl when produced was tattered through use.

The scheme has grown steadily from year to year and there are now 115 primary schools in Surat District built mainly from Sir Purshotamdas's donations. By 1941 the district was almost fully covered with school buildings, and so impressed were the authorities and villagers by this tangible evidence of real service that there was a persistent demand for its extension to other districts. As a result, certain areas in the Panch Mahals and in the Ahmedabad region benefited from a similar scheme. Sir Purshotamdas financed buildings for six boarding schools in Kathiawar and five in Panch Mahals.

He was not content with this alone and his interest in the scheme led him to make another concerted effort to spread literacy and general knowledge among school children through circulating libraries. In 1924 he had been approached by Mr. K. S. Vakil, Education Inspector of the Northern Division, for his support for a scheme for supplementary reading in schools. Sir Purshotamdas responded enthusiastically and on November 1, 1925 the Sir Purshotamdas Thakurdas Bal Library Scheme was started with the consent of the Surat

District Local Board and the sanction of the Education Department. A beginning was made in Pardi taluka and other talukas were taken in turn every year. For each taluka Sir Purshotamdas sanctioned an amount of Rs. 1,000 out of which Rs. 750 was spent on the purchase of books, Rs. 50 on annual prizes to school children, Rs. 125 for contingencies and Rs. 75 for labour charges. As the scheme grew in size nearly 12,000 books were to be in circulation and some 16,000 children of the district were annual beneficiaries. The scheme was reorganised in 1934 and the circulating libraries were converted into 100 Sir Purshotamdas Thakurdas Bal Libraries for individual schools. This project has grown with the years and there are today 300 such free libraries set up at Sir Purshotamdas's personal cost.

Other causes made claims on his generosity. Among his most recent disbursements was a donation of Rs. 7,50,000 which he gave for a new clinic attached to the Sir Harkisondas Narotamdas hospital in Bombay. Famine relief had attracted him from early days and among his donations was a sum of Rs. 1,00,000 which he gave for scarcity relief work in Surat District during a time of stress. The work of the Gujarat Research Society has long interested him and he contributed towards research work undertaken by this institution into the economic status and food habits of the people of Gujarat. Another of his schemes is a project for distributing free milk to deserving indigent children. He has always taken great interest in the lot of the lower middle classes and it was while discussing the difficulties of these less fortunate individuals with his daughter that Sir Purshotamdas evolved the idea of distributing free milk to children which his daughter, Padmaben, undertook to arrange through the Gujarat Stree Mandal. Sir Purshotamdas has spent well over a lakh of rupees on this useful activity. He was also responsible for organising a home treatment clinic for tuberculosis. This clinic, perhaps the first of its kind in India, has adequate equipment for mass radiograph and facilities for providing modern T.B. treatment for patients in their homes. Sir Purshotamdas also donated Rs. 30,000 for an X-ray apparatus to the Indian Academy of Science under Sir C. V. Raman.

Students, hospitals, relief funds, general charities, religious benefactions, trust funds and various other causes figure in the long list of Sir Purshotamdas's little known benefactions.

'Suneeta', his residence for well over two decades, is a worthy abode in which Sir Purshotamdas takes pride. The circumstances under which he acquired this beautiful property on Malabar Hill, commanding a panoramic view of Back Bay on the one side and the Pherozeshah Mehta Gardens with the Kamala Nehru Park on the other, are interesting.

Even after his uncle Vijbhucandas's death, Sir Purshotamdas and Sir Chunilal lived together with their growing families in 'Malabar Castle', a former residence of the Governor of Bombay. One night in the course of their customary after-dinner chat, Sir Purshotamdas suggested to Sir Chunilal that it was time that they each found separate abodes. Sir Chunilal felt that an additional storey might provide the answer. But Sir Purshotamdas demurred saying that this would make the hungalow unwieldy. He suggested that they should draw lots and decide which one of them should continue in 'Malabar Castle' and who should seek a new residence. Accordingly the youngest member of the family was called upon to draw lots. Sir Chunilal was the lucky individual and it was left to Sir Purshotamdas to find a new house.

In the course of one of their usual early morning walks, Sir Purshotamdas and Lady Thakurdas passed in front of 'Suneeta', which had been constructed by Sir Ratan Tata for his wife. Lady Thakurdas exclaimed how happy she would be to occupy a house such as that. Sir Purshotamdas, knowing that it belonged to the Tatas, pointed out to his wife that they could neither buy nor rent the house.

By an odd chance, a few days later, Sir Purshotamdas learnt from Mr. F. E. Dinshaw that the house was to be let and he lost no time in arranging for his family's tenancy, the rent being fixed at Rs. 2,100 per month. The land on which the building stood belonged to a trust and was on a thirty-year lease. Not long after Sir Purshotamdas became the tenant, he initiated negotiations for taking over the property and this was fixed at a sum of Rs. 3 lakhs. It was 1931, two years since he became a tenant of 'Suneeta'. Those were the days of depression and

the 'economic blizzard', buyers of such large properties being few and far between. The purchase represented a bargain. With its central location on the brow of Malabar Hill and its commanding view of the sea, 'Suneeta' is one of the most attractive properties on Bombay's celebrated Ridge Road. On several occasions Sir Purshotamdas has refused tempting offers — many from Indian princes — which would have yielded him a fantastic premium on his initial outlay.

Within 'Suneeta', while the personality of Sir Purshotamdas dominates the household, even the casual visitor must recognise the genial if unobtrusive presence of Lady Thakurdas. The world of Indian womanhood has undergone a spectacular change since first she travelled down Malabar Hill to town veiled in *purdah* and driving in a horse-drawn carriage. Today her grandsons' wives do not wait for their chauffeurs but can handle their own cars. Lady Thakurdas represents the typical Hindu wife, devoted to her husband and family, willing to merge her personality with her husband's and yet insistent upon having her say in household affairs, religious and domestic.

Their daughter, Padmavati, who is their only child, was born in January 1902. Although she has never wanted for any of the material things of life her parents have paid great attention to her educational upbringing. What the mother missed in the way of English education, the daughter has had in good measure. She has often travelled abroad with her husband, Ramanlal, to places as far removed as Australia and the United States, Japan, New Zealand, the United Kingdom and Europe. Mrs. Saraiya, as she now is, has three sons, Ramesh, Pratap and Bharat, all of whom promise to maintain the traditions of Sir Purshotamdas's family. Mrs. Saraiya has inherited many of her father's qualities, has his shrewd sense of judgement, his eye for detail and his organising capacity. For many years she has been an active social worker in Bombay although she has always fought shy of the limelight, eschewing the Presidentship of the various women's associations with which she is connected.

While the daughter and three grandsons inevitably dominate the domestic scene, it is natural that Sir Purshotamdas should

lean heavily on his son-in-law in the management of his business affairs. Mr. Ramanlal Saraiya's progress in public life has been least influenced by his father-in-law's status and affluence, and in fact Ramanbhai had some experience, albeit varied, before he launched on a regular business career like many members of his community.

During 1915-20 Sir Purshotamdas was accustomed to visiting Ahmedabad often, and while there he had a kindly host in Mr. Gokaldas Saraiya who was then a first-class subordinate judge. His wife was distantly related to Sir Purshotamdas, being his mother's cousin's daughter, and the two families maintained close contact. The time came when Ramanlal's mother proposed to Sir Purshotamdas that his daughter, Padmaben, might be given in marriage to her son who was an exceptionally bright student, having stood first in the matriculation examination of the Bombay University and who was then doing his B. A. The mother was anxious that Ramanlal should go to England and enter the Indian Civil Service. But this career did not attract Sir Purshotamdas who felt that Ramanlal should concentrate on business and commercial affairs.

Sir Purshotamdas had no objection to Ramanlal's going abroad for higher studies but he felt that work as an official involved a good measure of subservience to others and detracted from personal independence. He would rather that Ramanlal fended for himself. At a later stage he had an opportunity of discussing matters with Ramanlal who appeared more interested in his future career than in the prospect of an eminent matrimonial alliance. Sir Purshotamdas soon discovered that his future son-in-law had decided views of his own.

"I understand you had a talk with my father and mother regarding my future," said the young man, "but I must say that I personally do not like the commercial line. These businessmen tell many lies and my father has told me several times that they are accustomed to take false oaths. In any case, I do not want to join that line."

Purshotamdas was somewhat taken aback but good-humouredly retorted: "I am a businessman. Do you think I have to

do all this? Surely you can do business in an honest way."

In the meanwhile, the two families drew closer, and Ramanlal's engagement with Sir Purshotamdas's daughter, Padmavati, was announced in 1918. Unfortunately, Ramanlal's mother passed away at Lunawada soon after the engagement in the great influenza epidemic of 1918. She had, however, the satisfaction of having both her son and the would-be daughter-in-law by her bedside during her last moments. Indeed it required some moral courage on the part of Sir Purshotamdas to send his daughter, who was engaged but not married, to Lunawada during the last illness of her mother-in-law-to-be. Such a thing was simply not done in orthodox Gujarati circles! Ramanlal then shifted to Bombay to enter the Wilson College, and a year later, his father on retiring from the Dewanship of Lunawada, joined him there.

Ramanlal and Padmavati were married in 1920. Soon after their marriage Ramanlal took his B. Sc. degree in chemistry but he had still to launch on a career. He decided that he would go to England to pursue higher studies in chemical technology. In this he was helped and encouraged by Sir Purshotamdas. Ramanlal went to Europe accompanied by his wife, and while doing chemical engineering as a post-graduate course at the Imperial College of Science and Technology at London in 1920-21, he also took a special course for the City and Guilds Examination in soaps, oils and fats. The Saraiyas' first son, Ramesh, was born in England during this period.

Before long the Saraiyas, along with Sir Purshotamdas and Lady Thakurdas, who had both earlier arrived in England while Sir Purshotamdas was a member of the Railway Committee, returned to India. The problem of Ramanlal's career still remained and Sir Purshotamdas, anxious to leave the matter to his son-in-law's own decision and initiative, volunteered to place at his disposal a sum of Rs. 5 lakhs to enable him to launch on any line he liked. Ramanlal who had always believed in a scientific and planned approach to business matters, decided to undertake a personal study tour to examine the prospects in various industries. He studied the potentialities of such lines as paper, tannery and hydrogenated vegetable oil but came to the conclusion that the prospects

for these industries were not bright. This was in 1922-23.

Ultimately he decided he should join Sir Purshotamdas's family line of cotton business but here Sir Purshotamdas characteristically insisted that his son-in-law should begin from the lowest rung of the ladder and would have to sit as a beginner next to the despatch clerk. Ramanlal accepted these terms and got down to work attending the office from 10 to 6 every day. Although he was not thoroughly acquainted with the intricacies of the cotton business and as such had to depend in the early days on other and more experienced hands for factual technical data he soon sponsored a fortnightly letter to oversea clients to keep them informed of the state of the cotton markets in India. These reviews were so competently compiled that before long they attracted the attention of foreign firms. Despite his earlier training which had prepared him for a different profession, Ramanlal took quickly to the delicate intricacies of cotton futures and ready markets and at the same time his scientific knowledge was of great help to Sir Purshotamdas, particularly when the latter was working as a member of the Retrenchment Committee. It was Ramanlal who analysed and discovered the major deficiencies in the main diet of the Indian sepoy or soldier.

During the earlier years of his association with the firm, Ramanlal was by no means in affluent circumstances. He lived with his father and brothers in a small flat on Sandhurst Road. He attended office like most other Bombay employees by taking a tram or a suburban train from Charni Road. It was only some years later that having secured a higher salary and bonuses Ramanlal was able to purchase a motor car from his own savings. Along with Sir Purshotamdas's cousin, Ranchordas V. Mehta, and nephew Varjivandas Motilal, he was made a partner of the firm of Narandas Rajaram & Co., in 1926. Later, in 1944, when the concern was converted into a limited Company, he became its Vice-Chairman; meanwhile Varjivandas had retired and Ranchordas had passed away.

Ramanbhai's rapid progress in mastering the details of the cotton trade enabled Sir Purshotamdas to devote his major attention to matters of policy rather than of detail and he was able to leave the administration of the firm confidently in

the hands of his son-in-law and his associates.

Prominent among these is Mr. Kishorlal Marfatia, the efficient Managing Director of the Company, who is Sir Purshotamdas's nephew, being his sister's son. Even while at college Kishore showed great promise in economics and in general affairs and Sir Purshotamdas took an active interest in shaping his career. On completing his studies he was taken over by the family firm and put through the customary exacting drill before he finally found his level. Sir Purshotamdas takes great pride in Kishore's progress not only because he was primarily his "discovery" but because Kishorlal Marfatia is today considered one of the recognised authorities on cotton trade in Bombay and more especially in the intricate economics of U. S. cotton.

Sir Purshotamdas keeps a benevolent eye on his family who have proved worthy of his confidence and affection. As *pater familias* he shares their joys and sorrows, takes pride in their progress and helps them in their difficulties. When Ramanlal's father died Sir Purshotamdas was in Delhi but instead of paying the customary condolence visit he wrote a letter which, in the tenderness of its solicitude, expresses a rarely revealed facet of Sir Purshotamdas's character.

"I have just received," he wrote, "Ramanbhai's letter of the 8th instant and both Baji and I are very much touched. Gokaldasbhai has passed away in the fullness of years, leaving behind him five sons and three daughters all well trained to be most respectable members of society. As they say, he has left behind him the 'greenest of wadis', and many a man would wish for such a happy death. Of course, your loss is great. But if I may say so, it was greater when you lost Dahiben. You stood that shock admirably well, and with the increased experience and knowledge that you have acquired since her death, I am sure you will reconcile yourself to the inevitable in the case of your Bapuji's death.

"I have been anxious for information regarding Padma's health. Naturally, in the midst of such a sad event the question of writing a line about Padma's health may be overlooked. I have no doubt that she must have acquired the heartiest blessings of the deceased, and I feel proud that my child



should have proved true to the traditions of my family. It is a fact that you are now without paternal guidance in this world. To the extent that we can guide you, you will have the first charge upon our thought and energy. I would, however, ask you both to put your implicit faith in one thing and one thing alone, viz. self-reliance and faith in God and in Truth. Believe me, nothing else avails in this world. Each one is born singly and must pass away singly. Sincere relatives and friends are very much the exception in these days, and wherever one happens to come across such an exception, it should not be made the mainstay. Self-reliance and faith in the Almighty with truth and the right course as one's guide, these should be your guiding factors.

"As your elders, we shall always take pride and delight in your career hereafter. But all are mortal in this world. None but the noblest, however, amongst elders or amongst juniors should be relied upon for ever. I would like you to take these few words as my sincere advice and never to despair or be dejected. But in the darkest of hours, should any ill befall you in the future, trust in God and strive with all your might."

The last line appropriately epitomises the philosophy of life which has sustained and inspired Sir Purshotamdas through the long and crowded years of his distinguished life.



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